

THE SUMMIT

Shultz and Shevardnadze sign arms accords

BY ROBERT MAUTNER, DIPLOMATIC CORRESPONDENT, IN MOSCOW

THE SOVIET UNION and the US yesterday concluded two nuclear arms control agreements which, though minor in relation to the proposed treaty for a 50 per cent cut in strategic nuclear weapons (Start), are nevertheless important elements in the paucity of nuclear disarmament measures.

On the sidelines of the summit, Mr Eduard Shevardnadze, the Soviet Foreign Minister, and Mr George Shultz, the US Secretary of State, signed an agreement on the advance notification of test launches of Intercontinental Ballistic Missiles (ICBMs) and Submarine Launched Ballistic Missiles (SLBMs), designed to reduce the risk of misinterpretation, miscalculation or accidental war.

Originally, it was intended that the notification of such launches should be included in a Start agreement. However, given the common approach to launch notification, the US proposed at a meeting of the US and Soviet Foreign Ministers in Geneva last May that the provision should be separated from the Start treaty and that agreement on it should be reached straightaway.

The agreement requires notification of all ICBM and SLBM launches at least 24 hours in

advance. The notification should include the planned date of the launch, the launch area and the impact area.

The notifications will be made through the Nuclear Risk Reduction Centres which have been set up in Washington and Moscow under an agreement reached in May 1987.

The other arms control agreement signed yesterday completes the technical details of the so-called Joint Verification Experiment (JVE), considered to be an important step towards the ratification by both countries of the 1974 Threshold Test Ban Treaty and the 1976 Peaceful Nuclear Explosions Treaty.

The treaties prohibit nuclear explosions, for testing nuclear weapons or for peaceful purposes, having a yield in excess of 150 kilotons (150,000 tons of TNT). In their present form, neither treaty can be verified effectively. But yesterday's JVE agreement will provide the opportunity for each side to measure, employing its own preferred techniques, the yield of one nuclear explosion by the other party.

The US hopes that, at the conclusion of the JVE process, the Soviet Union will be in a position

to accept routine US use of the CORTEX system as an appropriate method of verification. This system is considered by Washington to be the most accurate yield-measurement technique devised so far for the verification of nuclear explosions.

The two tests to be conducted by the US and the Soviet Union under the JVE agreement will exceed 100 kilotons and will approach the Threshold Test Ban Treaty limit of 150 kilotons. The US test will be conducted at the Nevada test site and the Soviet test at the Semipalatinsk test site.

Moscow calls for troop cuts

By Quentin Peel in Moscow

SOVIET officials yesterday presented a plan for sweeping conventional arms cuts in Europe but the proposal was given a dusty reception by the US.

The plan proposed by Mr Mikhail Gorbachev, the Soviet leader, would require both Nato and Warsaw Pact forces to submit detailed figures on force strengths to each other, in order to determine the asymmetry between them.

This would be followed by "inspection and control measures" by both sides to make sure the information was accurate.

A third step of the plan would be for both sides to "find out on this basis the asymmetries, and do away with them," according to Mr George Arbatov, director of the USA and Canada Institute of the Soviet Academy of Sciences.

Finally, both sides would agree on absolute cuts of 500,000 in their troop levels, and on measures to convert their forces "from offensive to defensive systems," he said.



Mr Reagan and Mr Gorbachev outside St Basil's Cathedral after talks in the Kremlin yesterday

Senior Soviet adviser Georgy Arbatov talks to Quentin Peel about life after the summit

Gorbachev 'seeks to lock US into East-West talks'

MR Mikhail Gorbachev, the Soviet leader, is determined to maintain the momentum of negotiations with the US on disarmament and regional conflicts, in spite of the tendency for the US presidency to become less effective in its closing months, a senior Soviet adviser said yesterday.

Mr Georgy Arbatov, director of the USA and Canada Institute of the Soviet Academy of Sciences, also said he was deliberately refusing to overreact to the US effort to put human rights at the top of the summit agenda, and to President Reagan's much-publicised meeting with Soviet dissidents.

Mr Gorbachev was most anxious that the present summit should lock the US administration into continuing the East-West talks through the forthcoming elections, and under the next president.

The agreement signed yesterday on advance notification of missile launches, although modest, was important as a confidence building measure - but more important because "it engages the Americans for further talks," he said.

"What our side had in mind was really not to let the process be broken up because of the poor state of the presidency in the US at the

moment," Mr Arbatov said. "We want to get as much as possible done with this administration, and ensure continuity.

"We will not be provoked by any sideshows which our guests could arrange here," he said in a clear reference to President Reagan's meeting with Soviet dissidents and would-be emigrants. "Up till now it worked very well. I never imagined Mr Gorbachev would be such a diplomat, to be so cool under these provocative words."

He believed the President's emphasis on human rights

could well be counter-productive. "What they have done will not persuade the US Congress that there are changes in the human rights process," Mr Reagan and his advisers underestimated the extent of social and political upheaval within the Soviet Union.

"This country is undergoing such a deep transformation in democracy and in human rights, things about which nobody could dream before," he said. "We are proposing revamping the whole law enforcement system... democratisation of the (communist) party and elec-

tions, real freedom of speech.

"In all countries of the world, internal problems have become the number one priority. Foreign policy must serve this priority. It must create an external environment conducive to concentrating our resources and solving these internal problems."

Mr Arbatov said he believed the Soviet side had been successful in keeping arms control as the principal issue on the agenda, in spite of the inability of the two sides to finalise agreement on the proposed 50 per cent reduction in strategic nuclear weapons.

The plan fits in with the Soviet view that although the Warsaw Pact has a substantial superiority in land forces, that is countered by Nato superiority in air strike forces. However, it was greeted with extreme scepticism by Mr Marlin Fitzwater, the White House Spokesman.

Vienna talks, Page 3

Promise of reform hailed by Reagan the revolutionary

BY STEWART FLEMING, US EDITOR, IN MOSCOW

DWARFED by a mosaic of waving red flags emblazoned with a gilded hammer and sickle on the wall behind him, and with a giant bust of Lenin poised above his head, President Ronald Reagan took on the role of disciple for revolutionary renewal in Russian society in an address to 5,000 hand-picked students at Moscow University yesterday.

The university, which Soviet leader Mr Mikhail Gorbachev attended, has been the scene of a blazing controversy. It elected to send to the Soviet Communist Party's conference this month a critic, not a supporter, of Mr Gorbachev's campaign for "perestroika" and "glasnost."

Perhaps with this in mind, Mr Reagan told his audience, "the world looks expectantly to signs of change, steps towards greater freedom in the Soviet Union." He added: "We are hopeful that the promise of reform will be fulfilled... in this Moscow Spring, this May 1988, we may be allowed that hope."

The President has clearly found the summit more draining physically than he and his advisers anticipated. But whenever his turn came to take centre-stage he rose to the occasion, marching vigorously across Cathedral Square during a tour of the walled fortress of the Kremlin with Mr Gorbachev in the morning, and in the afternoon spending the best part of an hour on his feet speaking and answering questions from an audience composed largely of students at the nation's most prestigious university.

His university speech was rich in ironies. It was a paean of praise to capitalist entrepreneurship and political pluralism - "the power of economic freedom" - at which a living Lenin would

surely have bridled.

"Progress is not foreordained... the key is freedom, freedom of thought, freedom of information, freedom of communication," Mr Reagan said.

The carefully stage-managed questions from students which followed asked whether one of an American's inalienable rights was to take drugs and commit other criminal acts. No, of course not, Mr Reagan replied, drawing on one of the ideas which has governed his political career. The inalienable right is for the people to tell the government what its powers are, not the other way around.

Another student asked if Mr Reagan knew that one of the dissidents he met on Monday was "a fascist collaborator." Somewhat weakly, the President responded that those invited had been chosen by his advisers on the basis of personal appeals to the White House.

"And what about the rights of American Indians?" Mr Reagan's rosy American scenario surfaced as he suggested that some of the Indians had struck it rich since the reservations they had been given turned out to be on top of oilfields.

In his role as a tribune of perestroika, Mr Reagan again hinted that one of the rewards awaiting a reformed Soviet Union would be more trade with its ideological rival. "I can tell you nothing will please my heart more than... to see a growing, exporting, exuberant Soviet Union." It is a comment which will make his erstwhile Conservative supporters in America again writhe with ambivalence and surprise. An exuberant Soviet Union is the last thing they believe the US should be promoting.

Deadpan delivery marks Soviet media

By Quentin Peel

MR VLADIMIR Karpov, leader of the Soviet Union of Writers and recently elevated to full membership of the Communist Party central committee, yesterday celebrated with the only Soviet hyperbole yet delivered to the US President.

This normally conservative and staid man declared that if he were a Christian he would paint an icon of Jesus Christ, with portraits of President Reagan and Mr Mikhail Gorbachev on either side.

Yet such moments of glorious exaggeration have otherwise been sorely lacking from a summit which the Soviet media at least has treated in a thoroughly low-key manner.

In contrast to the saturation coverage in the US media, and indeed through most of the outside world, the Soviet television and newspapers have played the events of the past three days deadpan. They have merited no more than extended items in the regular news bulletins on the television, with no live coverage except for the President's arrival on Sunday.

For the Soviet newspapers, increasingly lively and outspoken in these days of glasnost, it is like a return to the bad old days - photographs of the two leaders sitting side-by-side on a sofa, or shaking hands at a conference table, and worthy articles recounting the formal speeches.

Only President Reagan's meeting with dissidents at his ambassador's home aroused angry comment - described as a "show" in Pravda, the Communist Party newspaper - of the old-fashioned sort.

Ironically, most Muscovites would love to see a little more of the pageantry and circus, but they have insufficient knowledge of the President's schedule to

turn out on the streets to watch the cavalcade pass by, bullet-proof Cadillac and all. That may owe as much to the paranoia of US security services as to Soviet policy.

The lack of attention is in sharp contrast to the big build-up in advance of the summit.

In one nice touch, Soviet television reproduced a CNN documentary on the Soviet Union, introduced with the apology that the film gave an excessively glamorous portrait of the country and failed to reflect the ferocious self-criticism currently under way.

But that was last week. Handling live events is more difficult, and the Soviet press will no doubt wait for the political commentators before knowing quite how to treat the occasion.

The television camera carefully panned away when President Reagan was clearly drooping asleep in the middle of his lunch at the House of Writers. Glasnost is all very well, it would seem, but not yet for heads of state.



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OVERSEAS NEWS

S Korea strike halts production at Hyundai plant

BY MAGGIE FORD IN SEOUL

MOORE THAN 1,900 workers are now on strike at Hyundai, the largest Korean industrial group...

Workers voted overwhelmingly against a company pay offer on Monday after two weeks of negotiations...

Taiwan tyre prices rise to forestall EC tariffs

By William Davkins in Brussels

NINE TAIWANESE and two South Korean rubber companies have agreed to inflate prices for bicycle tyres...

The price undertakings, announced by the European Commission yesterday, are the result of an anti-dumping inquiry...

Brussels found that all the Taiwanese exporters were selling in the EC 15 per cent cheaper than at home...

Rather than submit to anti-dumping duties, the Taiwanese and South Koreans have promised to raise EC prices enough to wipe out the dumping margin...

Mahathir acts on judge

BY WONG SULONG IN KUALA LUMPUR

DR MAHATHIR MOHAMMED, Malaysia's Prime Minister, has moved to limit the political fallout from the controversy over the future of the country's top judge...

In his statement, Dr Mahathir gave a significantly different version of events leading to moves to dismiss Tun Salleh as Lord President of the Supreme Court...

Ethiopian aid concession

BY VICTOR MALLETT IN ADDIS ABABA

FOREIGN donors in Ethiopia, most of them banned from working in the famine-prone regions of the north, have extracted concessions from the Government...

Robert Thomson in Peking reports on rising workers' pressure for more job mobility Trading solutions to a Chinese job puzzle

ON A PLOT of vacant land near the centre of Peking, young women from the provinces chat idly in small groups...

Propositions at the unofficial maid market are mostly innocent, and the women are choosy, wanting to know if their new home will have a colour or black-and-white television...

The worker must arrange new housing. Most work units provide dormitories or apartments and the new employer will probably explain that in these times of housing shortage...

While bus drivers have little chance of finding new work as shop assistants, primary and secondary teachers are virtually forbidden from seeking new jobs...

For highly qualified workers, there is always the Peking Service Centre for Talent Exchange, run from a building attached to old French barracks...

The centre arranges transfers within Peking and also allows 200 people, no more, no less, to move to the overcrowded capital from other areas each year...

Role of oil declines in Saudi GNP

SAUDI ARABIA'S oil sector contributed 30 per cent of the Kingdom's gross national product last year...

The drop in the oil sector's contribution to GNP over the past decade was the result of growth in private sector initiative and the programme of economic diversification...

Saudi Arabia's private sector contributed more to GNP last year than oil, according to the Saudi Ministry of Planning...

Philippine debt call

Mr Vicente Jayme, Philippine Finance Secretary, yesterday said the country should not take drastic action...

Mr Jayme said the country should not take drastic action or seek magical solutions to its \$28bn debt after Senate pressure to limit payments...

NZ capital gains

Mr David Lange, New Zealand's Prime Minister, last night indicated there would be no capital gains tax...

Mr Lange said the Government would not introduce a capital gains tax in June's budget...

The Search for Value-added Business Areas

Established from the merger of Nissho Co. and Iwai & Company, just 20 years ago, Nissho Iwai is now one of Japan's biggest trading houses...

By Brian Robbins



Mr. Masaru Hayami, Chairman and President, Nissho Iwai Corporation

Robbins: How successful has Nissho Iwai's medium-term business development strategy 'Challenge 88' been?

Hayami: The aims of Challenge 88 are twofold. One is to improve the company's financial structure—write-off bad assets, increase capital, net worth, and so on...

On the financial side, we wrote off nearly \$1 billion over the last 3 years, including \$500 million in connection with company-owned ships...

At the same time, our net worth will stand at \$1 billion which is not so large, but when I joined the company in 1981, it was only about \$300 million...

Searching for higher value-added On the other hand, this helped to accelerate the company's restructuring...

to gross profits without increasing expenses or manpower.

So our turnover in the last fiscal year (1987) increased more than 30 per cent, and gross profit for the year improved more than 10 per cent.

Robbins: What principle new business areas has the group moved into?

Hayami: As part of our changes, we have established a new business division, and begun a variety of new activities in the food industry, service industries and information industry...

Auto sales growth an attraction To establish new businesses, we set up some special committees to form and promote commodity-wise strategies...

We have started to sell two-to three-litre General Motors cars from the US. Now, in co-operation with Suzuki Motor Industries...

We are not strong in the sale of cars, so we established an auto sales company (a Nissho Iwai imported car sales company) to operate globally.

We are trying to develop our strategy to expand further our auto sales business, to sell European cars in the US and Japan.

We also established the Food Strategy Committee which is looking at importing and producing food, in line with the possible rationalisation of the domestic food or agricultural industry...

Also, we began to get into oil and gold dealing in Japan and abroad. That has contributed somewhat to turnover. The margins are thin, but it contributed

not escape from this.

Robbins: Nissho Iwai is also moving into property development in the City of London, I gather.

Hayami: Yes, we are working with City Merchant Developers in the Docklands area of London, and also in the City of London itself...

Robbins: What is your view of the outlook for the European economy?

Hayami: The European economy is now very good, the best in the world, particularly the United Kingdom. There is very stable growth, especially in the UK, Italy and Spain...

Robbins: What progress has been made in improving margins on trading transactions?

Hayami: The gross profit ratio to turnover is still gradually decreasing, although the actual gross profit is increasing, thanks to the stabilising of expenses and of manpower...

Robbins: Nissho Iwai is particularly strong in trade with both China and USSR. What does the future hold?

Hayami: Frankly speaking, we are rather proud of our position in trade with the USSR. I think we are the top trading company in China...

Tussle to boost trading margins

There are two ways of increasing profit. One is to increase turnover without increasing expenses. The other is to shift from lower margin to higher margin areas...

Robbins: Nissho Iwai is particularly strong in trade with both China and USSR. What does the future hold?

Hayami: Frankly speaking, we are rather proud of our position in trade with the USSR. I think we are the top trading company in China...

We will regard them as only additional profit, or "plus-alpha" profit. As a trading company, we should not depend on them as a major profit source.

We are now discussing potential areas of involvement.

We are now discussing potential areas of involvement.

We are now discussing potential areas of involvement.

HK to shut door on boat people

By David Dochwell in Hong Kong

SIR GEOFFREY HOWE, Britain's Foreign Secretary, yesterday signalled the imminent abandonment of the Hong Kong policy of offering first asylum to the Vietnamese boatpeople...

He insisted that Hong Kong could no longer "go on offering itself as a transit point to a future that does not and cannot exist."

The vast bulk of boatpeople now arriving cannot be described as political refugees according to the UNHCR (United Nations High Commission for Refugees) definition of the term...

The exodus has accelerated in recent months, partly because of food shortages and crop failures in Vietnam, and in part because other countries in the region have begun to define boatpeople as economic migrants rather than refugees.

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"Indepia International", a 28-page English language quarterly magazine published by Nissho Iwai Corporation, provides you with an excellent insight into Japan...

AMERICAN NEWS

Anthony Harris finds a decline in emphasis on government policy in the OECD report on the US economy

Doubts about private sector produce a foggy outlook

THE new OECD report on the US economy is quite unusual in two respects. The projections for growth and the balance of payments are heavily hedged with explicit doubts about the behaviour of the private sector...

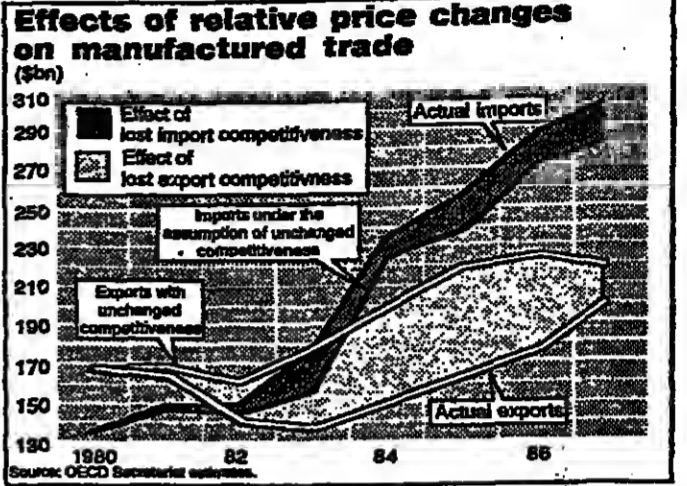
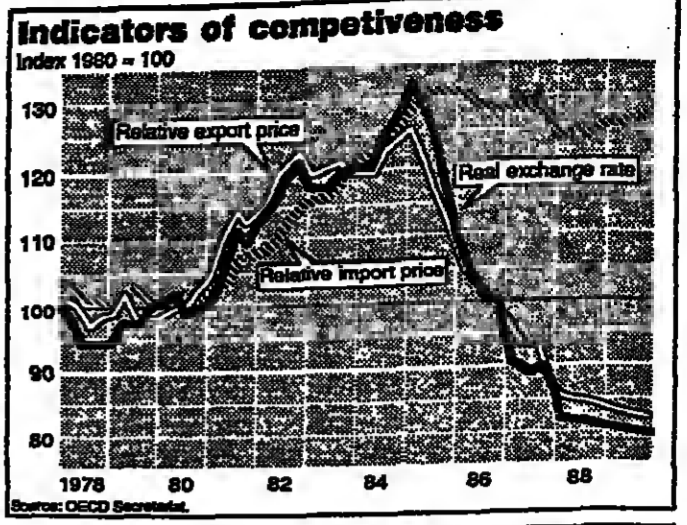
Table with 7 columns: Year (1982-1987), and 7 rows of financial indicators (e.g., Total compensation, Income from property, etc.)

On an EVA basis except for US and UK where data based on national accounts, and in France, where they are on an administrative basis. OECD projections. 1987 GNP/GDP weights and exchange rates. Source: OECD Secretariat estimates.

Table with 4 columns: Year (1986-1989), and 10 rows of household saving ratio indicators (e.g., Compensation per employee, Total compensation, etc.)

Source: Department of Commerce (Bureau of Economic Analysis), Survey of Current Business, and OECD Secretariat estimates.

cast, and the figures are plastered with health warnings. If private saving recovers more strongly than the projection shows, the report warns, the whole US economy could be tipped into recession.



"Ah well, back to the drawing board," sighed the aircraft designer in a celebrated Peter Arno cartoon, walking away from the smoking wreck of his prototype, and there are some signs that the OECD team has the same philosophy.

There is little echo here of the old-fashioned OECD report, which combined confident projections of the future with clear recommendations to governments on how to run their economies.

to policy? And if the future is going to be determined by the behaviour of businesses and households, have the economists got the tools they need to make good forecasts?

ever, that most forecasters (including the OECD team) were much less pessimistic until quite recently. The movement of the real exchange rate (which allows for the very low rise in US production costs) shows that the US economy is now about 7 per cent more competitive than it was in 1980.

imports could fall much faster than is now believed, but at the cost of higher prices and higher demand pressure. This could mean over-investing in figures which the OECD report was prepared show that growth has been well above its supposed trend value, and both capacity and the labour market look tight.

However, nobody foresaw these developments (though British experience of devaluation was much the same), and there is a rival school of thought which stresses the importance of exchange rate hedging in international trade.

Meese gives hint of resigning before poll

MR ED MEESE, the embattled US Attorney General, has left open the possibility of resignation before the end of the summer, apparently to avoid making his legal problems an issue in the forthcoming presidential campaign.

Trial follows Argentine rebellion

AN UNUSUAL public trial of seven civilians, due to begin in Buenos Aires yesterday, is expected to shed new light on the goals of last January's military rebellion.

Brazilian machismo defeats land reformers

THE FLASHING white teeth and the glossy swept back hair are all vaguely reminiscent of heart-throb cabaret crooner Julio Iglesias. But the machismo of Mr Ronaldo Caiado packs considerably more punch than a Spanish romantic ballad.

Ivo Dawnya meets a man of action in Brazil's slow world of politics

to Mr Caiado - a man variously characterised as a neo-fascist by his opponents and a champion of individual liberty by his adoring supporters.



On the campaign trail: Ronaldo Caiado of the UDR. Mr Caiado's new crusade for less government and more free enterprise is growing in popularity in Brazil and his proven organisational abilities have already led his name to be mentioned for the presidency.

Telefónica to expand ventures in Soviet Union

TELEFONICA IS POISED to embark on two new ventures in the Soviet Union, following a keynote agreement last year that led to the building of a telephone for a rural telephone service project and for a public telephone system that, in its first phase, will be installed in Moscow.

Countries agree rules for export factoring

FACTORSING, the rapidly-growing specialised method of export financing, is set to receive a further acceleration from a new set of international rules agreed at a conference in Ottawa over the weekend.

Pizza Hut sliced evenly in Japan

IS THE JAPANESE pizza unique? Or do the Japanese eat pizzas the same way as everyone else? The matter is not to be discussed lightly.

ECGD to back more currencies

BRITAIN'S EXPORT Credits Guarantee Department is seeking a further enhancement of the services it offers to exporters, through a broad expansion of the range of currencies in which it will agree to support fixed-rate export credit finance.

Alitalia signs deal with United

ALITALIA, the Italian state airline, yesterday signed a far-reaching joint marketing accord with United Airlines, the largest US carrier.

Daihatsu to assemble in Italy

DAIHATSU MOTOR, the Japanese carmaker, is planning to start assembling vehicles in Italy, in partnership with an Italian company, in an attempt to secure a European foothold.



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Until very recently, only those in the upper echelons of the social register ever inherited anything of any real worth. As the heirs of "well-to-do" families they knew what was coming to them, just as they knew what was expected of them.

This wealthy and worldly minority (perhaps 10% of the population) is now about to be superseded by a new, larger and more volatile band of inheritors: today's middle-aged, middle classes.

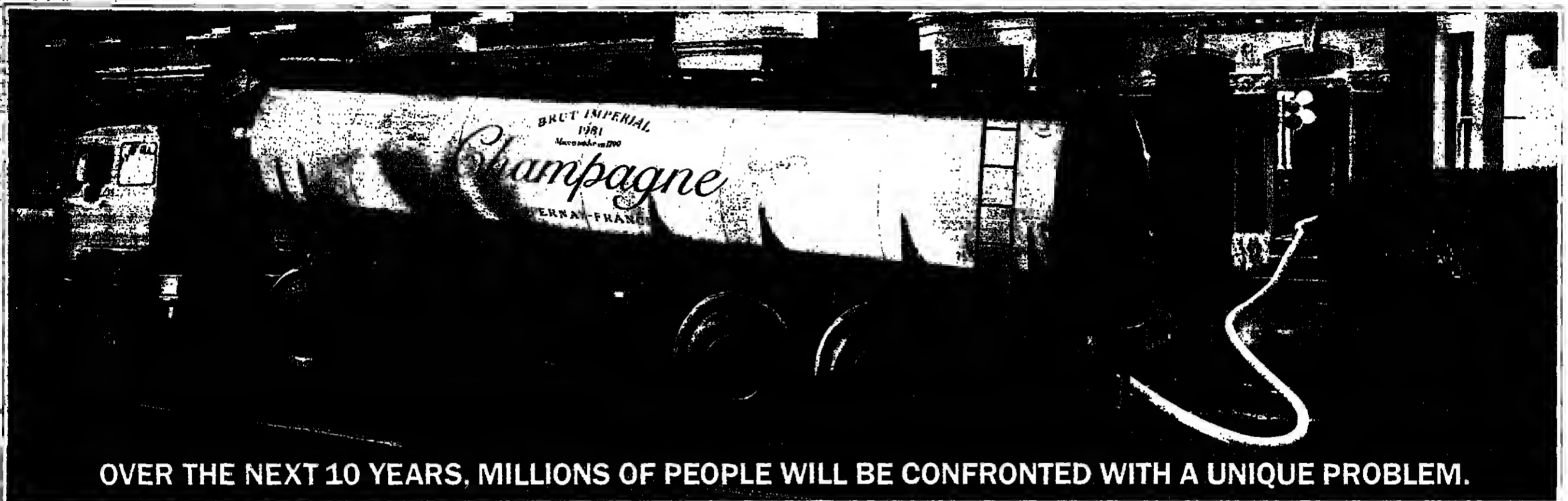
It is they who are set to become the "nouveau riche" of the 90's and beyond. And they will, in a very real sense, owe it all to their parents.

For it was the post-war generation who first enjoyed widespread home ownership. Now retiring in their millions, they will soon be conferring their wealth upon their already affluent 40 and 50 year old children.

A portentous event when one considers that even a modest estate can now be expected to top the £100,000 mark.

In fact, estimates predict that by 1997, parents passing away will pass on a staggering £24 billion a year. (240% up on current levels.)

Undeniably, the impact of this quiet, yet colossal transfer of wealth will be immense. It will affect



OVER THE NEXT 10 YEARS, MILLIONS OF PEOPLE WILL BE CONFRONTED WITH A UNIQUE PROBLEM.

companies big and small, old and new, progressive and old-fashioned alike. It will doubtless affect you and your company. After all, millions of dutiful sons and daughters will be presented with dauntingly large legacies.

But will they spend, spend, spend? Or will they use their vast discretionary wealth with discretion?

Will they, as some pundits predict, fritter their money away on the likes of fritto misto di pesce and moules à la crème; German fitted kitchens; Milanese designer furniture; winter holidays in St Lucia and summer jaunts to gîtes in the Camargue?

Or will they, as rival experts would have us believe, plough their considerable capital into the City's money markets?

As it is, 1 in 5 adults now hold stocks and shares of one sort or another. 1 in 3 have taken out their own private pension plan. 1 in 10 have decided to invest in private health care. These figures could advance dramatically given sufficient nouveaux inheritors with sufficient financial perspicacity. No area of finance would remain untouched.

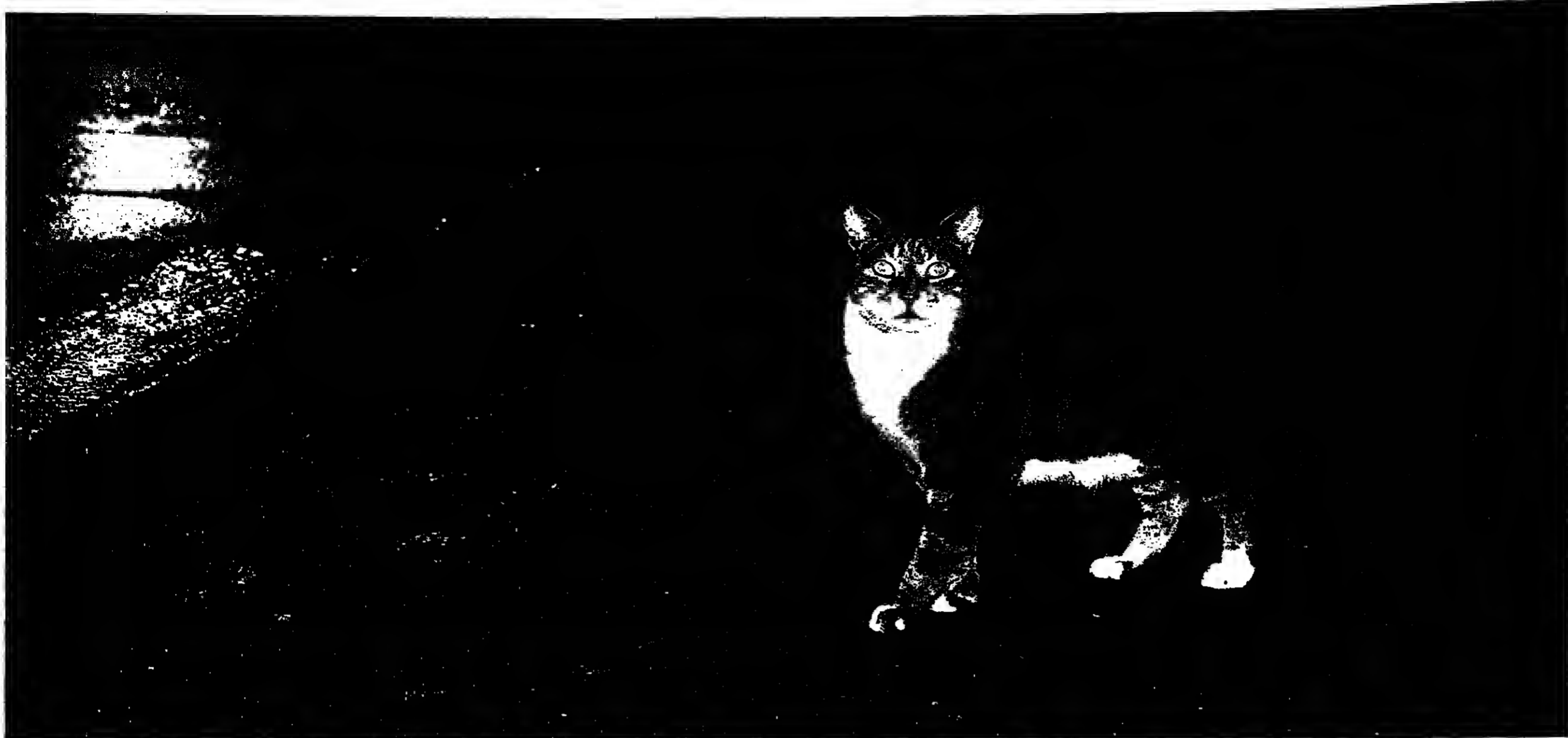
Private education, for example, could become a realistic and popular option for legions of middle class families overnight.

Whilst an ever-decreasing retirement age and a less munificent welfare state could bring pension and private health care planning to the front of millions of minds.

The vagaries of luck and fate need not decide your company's eventual response to all this, though. You can start doing something about the matter today, just by thinking ahead.

For forward planning is the only answer. An answer that we at Ernst & Whinney have put into practice for companies of all sizes and complexions. In all probability, your company could benefit from contacting us. After all, without wishing to blow our own trumpet, we do have a wealth of experience.

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9 OUT OF 10 CATS PREFER CARLTONS.

It's late. You've had a rotten day and can't wait to get home. You hang a left then change up into 3rd.

Suddenly, from nowhere, something runs out in front of you. (This time it's a cat. But it could easily have been a small child).

What do you do? In some cars, you could be in trouble.

Swerve and you run the risk of fishtailing or spinning. Slam on the brakes and you could well veer off the road or worse, into oncoming traffic.

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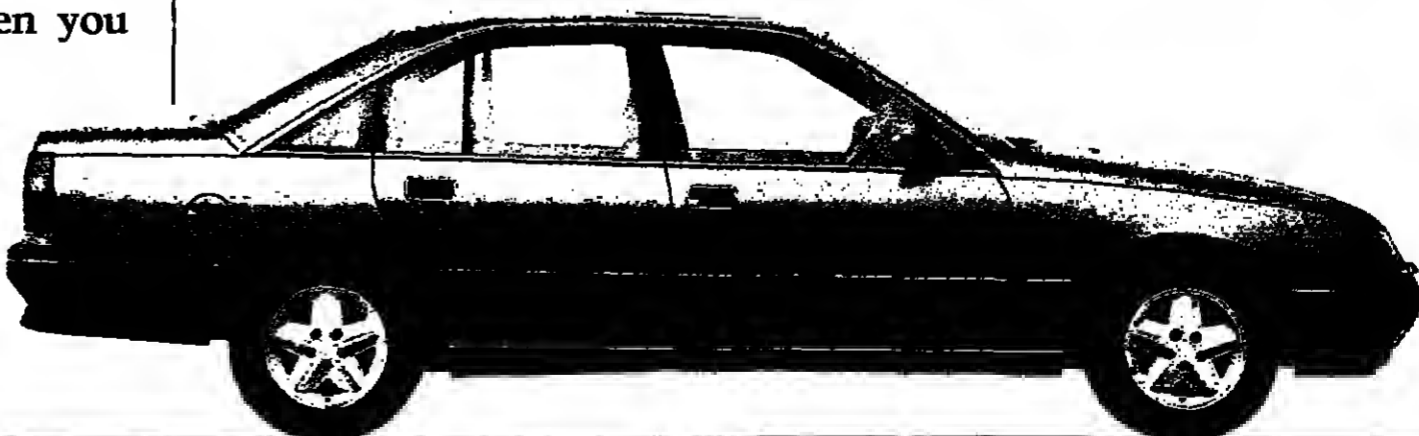
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FT LAW REPORTS

Digest of cases reported in the Easter Term

FROM MAY 3 TO MAY 10

J. E. Bayner (Mining Lane) Ltd v Department of Trade and Industry and Others
Amalgamated Metal Trading Ltd and Others
v DTI and Others
Arbutnot Latham Bank Ltd and Others
v DTI and Others
Maclaine Watson and Co Ltd v DTI
 (FT, May 3)

By a majority, the Court of Appeal upheld the first instance decisions that the direct actions by the plaintiff creditors against the member states of the International Tin Council should be struck out as disclosing no reasonable cause of action or on the basis of sovereign immunity. Lord Justice Kerr stated that there were no grounds for concluding there was any rule of international law whereby ITC member states could be held liable in any national court to ITC's creditors. Given that there was no such liability in English law, a conclusion by an English court that member states could be held liable for ITC debts would be tantamount to legislating on the plane of international law - which was an impossible concept.

Re International Tin Council
 (FT, May 4)

At first instance Millet J held that Parliament could not have intended to subject the ITC to the winding up jurisdiction of the English court and that the ITC's immunity from suit under the

International Tin Council (Immunities and Privileges Order) 1972 included immunity from the winding up process. Similarly when the court looked at the Sixth International Tin Agreement to see whether the attributes which it gave the ITC brought it within the Companies Act 1985, which provided for the winding up of an unregistered company, it was obvious that no one member state could subject to its own domestic law a collective enterprise carried on through the medium of an international organisation, the Court of Appeal held.

Maclaine Watson & Co Ltd v International Tin Council
 (FT, May 4)

Maclaine Watson, a ring dealing member of the London Metal Exchange, sought the appointment of a receiver over ITC's assets in an endeavour to force the ITC members to pay its judgment debts. However any claim or call advanced by a receiver against a member to indemnify the ITC could only arise on the proper construction of the express or implied terms of the Sixth International Tin Agreement and therefore could not be judged without subjecting the scope, extent and meaning of that Agreement to the judgment of the court. Enforcement of any such liability would be enforcement of rights arising under an unenacted treaty and would be non-justiciable. Lord Justice Ralph Gibson stated in the Court

of Appeal in upholding the first instance decision refusing the appointment of a receiver of ITC's assets.

Maclaine Watson & Co Ltd v International Tin Council
 (No 2)
 (FT, May 4)

The Supreme Court Act 1981, section 37(1), provided that an injunction could be granted in all cases in which it appeared just and convenient for the Court to do so, and Millet J granted orders for disclosure of the ITC's assets, both within and without the jurisdiction, under that provision. In an action for enforcement of a judgment debt by the plaintiffs. In dismissing the ITC's appeal against the order, Kerr L J stated that the statutory provision was not excluded by any authority. The ITC had failed to comply with the judgment but it did not appear to be impecunious and its present duty was to ensure that its assets were used to pay its debts to the greatest possible extent.

Reilly & Another v Fryer
 (FT, May 6)

The plaintiffs obtained a Mareva injunction restraining Mr Fryer from removing his assets from the jurisdiction after he had consented to judgment for \$2m. However, they failed to obtain an order for disclosure of (a) the full value, nature and whereabouts of his assets within or without the jurisdiction, and (b) identification of the other contracting parties to any loan contracts and the full terms and outstanding amounts of any such contracts. In dismissing the plaintiffs' appeal, the Court of Appeal stated that disclosure of assets without the jurisdiction would seek to identify assets to which the Mareva injunction could not possibly apply.

Babanaft International Co SA v Bassatne
 (FT, May 6)

In an action for indemnification of more than \$15m, brought by

the receivers of Babanaft, the court reached the conclusion that the defendants would take any step to delay execution and the question arose whether it could grant an injunction that they make full disclosure of their assets wherever situated. While there were important practical considerations in deciding whether to grant an injunction affecting foreign assets, their weight had to be evaluated in the factual context and the width of the order sought. Vinelott J stated. As the present order was intended to aid an oral examination under Order 48, its purpose would be fully answered by the grant of an injunction restraining the defendants from dealing with their foreign assets without giving Babanaft reasonable notice of their intention to do so.

Food Corporation of India v Antelino Shipping Corporation
 (FT, May 10)

In *Bremer Vulkan* [1981] AC 909, the House of Lords had held that an arbitration agreement was not repudiated even where it had been allowed to go to sleep for a number of years. In the present case, leave to appeal had been given in the hope of a full-scale review of the authorities and of mutual obligation in arbitration proceedings. Lord Goff stated. However, at first instance, the judge had made unassailable findings of fact that (i) the charterers had not established the existence of an unequivocal statement that the arbitration had been abandoned; (ii) they were not entitled to assume that it was agreed to abandon the arbitration; (iii) that the owners had left the matter in the air; (iv) that there was no detriment to the charterers and therefore no estoppel. It followed that it was not an appropriate case for reconsideration of the principles of abandonment and estoppel.

Aviva Golden

This digest of Easter Term cases began yesterday and will conclude on Friday

West German Banking, Finance & Investment

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12th July

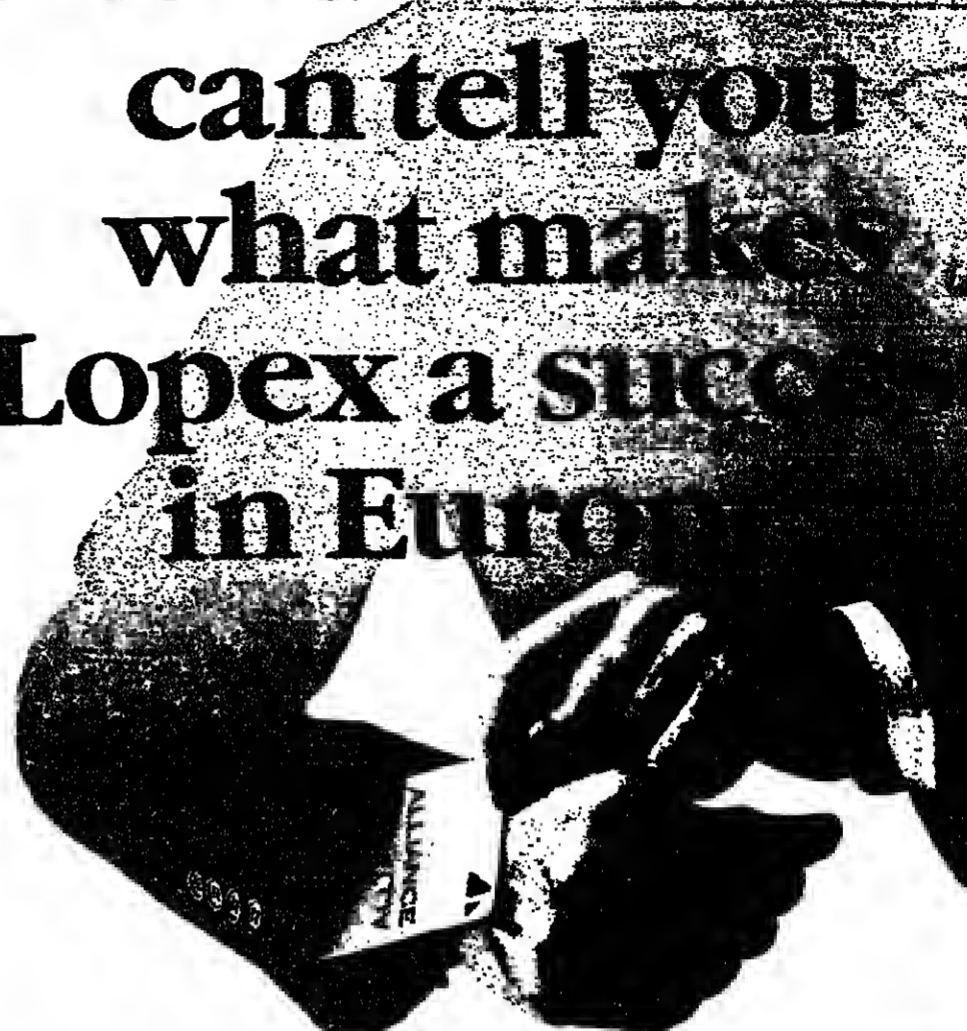
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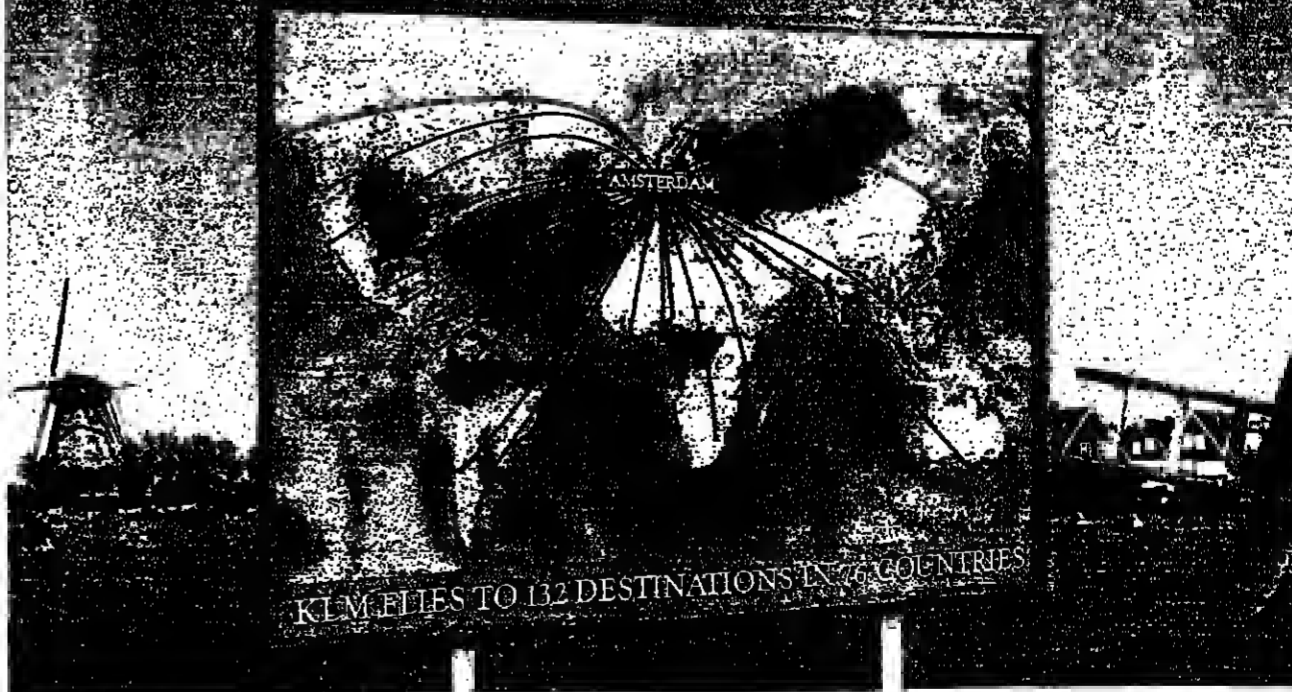
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UK NEWS

Schools may be assessed by performance indicators

BY DAVID THOMAS, EDUCATION CORRESPONDENT

THE Government is considering publishing performance indicators for Britain's schools as a means by which parents and employers could judge them.

The indicators would go well beyond exam results, the traditional method for comparing schools, and could be based on internal records of factors such as attendance, as well as on specially commissioned surveys of how a school was perceived in a neighbourhood.

The publication of such information would fit squarely into the Government's philosophy of giving parents more control by providing them with more information about how schools in a neighbourhood were performing. It would also satisfy the House of Commons select committee on education, which asked in a report last week for the Government to publish performance indicators.

However, the Government's ideas on the subject are likely to be attacked by its critics as an over-elaborate attempt to regulate behaviour in the classrooms.

The Department of Education and Science has been working on performance indicators for some time, but its latest thinking was recently set out in a speech to educationists in London by Mr Barry Wakefield, a senior department of education official.

Mr Wakefield set out some of the indicators which might be

REPRESENTATIVES of London's employers are to ask the Government to maintain London-wide co-ordination of further education once the Inner London Education Authority is abolished in 1990.

The employers fear that tackling skill shortages will be much more difficult without some central planning authority for further education in the capital.

Idea is responsible for five polytechnics, 18 further education colleges and the London careers service. Under the Education Reform Bill, the polytechnics are to become semi-independent, while the further education colleges will be handed over to the London boroughs.

Mr Tim Baldwin, training and development manager for the London Enterprise Agency, which has support from about 100 companies in pursuing educational initiatives in inner London, said yesterday the absence of a central authority would make it more difficult for employers to train their workers.

He also described indicators which could assess the success of a school in meeting its goals over-and-above school results. Such indicators could include: pupils' attendance and behaviour in schools; whether pupils take part in activities not on the timetable; and what local employers thought of former pupils.

Mr Wakefield suggested that some of these indicators, such as perceptions of pupils' behaviour and employers' attitudes, would require surveys of public opinion

in the neighbourhood. The department has been discussing these indicators with several local education authorities and now intends launching pilot projects in a handful of authorities.

Mr Donald Neis Smith, director of education in the London Borough of Croydon, one of the authorities involved in the initial discussions, yesterday welcomed the idea of performance indicators, saying they would be particularly important in helping to assess the use schools made of the resources available to them.

The department was yesterday unable to say when it would finish this work, although it appears that it might not be until next year.

Coopers & Lybrand fee income rises by 20 per cent

By Richard Waters

FEE income at Coopers & Lybrand, the accountancy and consultancy firm, grew by 20 per cent to £172m last year, the company reported yesterday.

This puts it in line with rates of growth at other large firms which reported earlier this week, but reflects a markedly different pattern of development.

Coopers' consultancy practice, the largest of any accountancy firm, grew by 22 per cent to £47m, well below the 40 per cent recorded by some other companies.

This followed what chairman Mr Brandon Gough called "applying the scalpel rather than the axe" to the consultancy practice during the year.

"Vigilance is all right up to a point, but one has to ask whether it is profitable. Some elements of activity - almost inevitably - have not been highly profitable.

We are further along the learning curve than some firms in this respect, because of our size," said Mr Gough.

On the other hand, the core businesses of tax and audit and accounting grew faster than most other firms.

Fees in the tax area were up by 32 per cent to £29m, while audit and accounting grew by 20.5 per cent to £79.5m.

Sustained high levels of growth mean that Coopers is now three times larger than it was five years ago.

However, its position as the largest UK accountancy firm has been usurped, first by a merger which took Peat Marwick McLintock to the top with total fee income of £262.5m.

Also, Price Waterhouse, which had fee income of £178.5m, outgrew Coopers to become the second largest firm this year.

Below Coopers in the table of fee earners comes Deloitte Haskins & Sells, £151.1m, followed in order by Ernst & Whinney, £120.5m, Touche Ross, £116.6m, Arthur Andersen, £113.4m and Arthur Young, which saw fee income of £108.0m.

Labour prepares 40th birthday party for the health service

BY CHARLES HODGSON

THE LABOUR Party is to hold a 40th birthday celebration for the National Health Service next month to "demonstrate the achievements" of the NHS and its importance to the public.

Mr Robin Cook, the party's health and social services spokesman, said the idea was to remind people of the "high standard of health care available to everyone" irrespective of their ability to pay.

He accused the Conservative Government of seeking to ignore the anniversary because they were afraid to remind the public that the Conservatives had opposed the NHS when it was formed and

what life would be like without it.

Praising the NHS for "great efficiency at low cost", both compared with other countries' health systems and the private sector, Mr Cook criticised the current government review of the health service, which he said was being "carried out in a bunker", without public participation.

Labour's celebration will be held at London's Alexandra Palace on July 3, two days before the official 40th anniversary. Mr Cook plans to outline Labour's plans for the future of the NHS in a speech on June 28.

Sir Rhodes Boyson, the former Conservative education and social security minister, last night called for the denationalisation of the health service to put the consumer, the patient, in charge. Anything less would be "half-hearted tinkering" which would leave the NHS in a worse condition.

He suggested a compulsory system of health insurance with the state stepping in "simply...to ensure that all can afford such insurance through a voucher or direct money subtraction."

All except the poorest should pay 5-10 per cent of the cost themselves "so that people are aware of what health services cost."

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UK NEWS

Economists on downward curve

BY RALPH ATKINS

GOVERNMENT ECONOMISTS are poor, unloved and completely unable to predict their future. Their plight is exposed in the latest issue of *FTA News*, the journal of the Association of First Division Civil Servants, the union for top mandarins. Government economists, it seems, have become victims of their own supply and demand curves. Writing in the journal, Mr Dan Corry, himself a Treasury economist, says: "Morale is low, the wastage rate is high, recruitment at the traditional entry levels has become difficult while direct entry recruitment has become almost impossible." Government economists, he

argues, are badly paid compared with colleagues in the private sector. An economic adviser, who needs at least five years' work experience before being appointed, earns between £16,000 and £21,000 a year - small beer in comparison with the salary of an economist with a City of London institution. Economic assistants, usually economics graduates, earn about £8,000 to £10,000. In a large accountancy firm, that would be scarcely comparable with the salary of a strapping trainee. Mr Corry says Government economists admit confusion about what the Government's intentions are. Outside experts are increasingly being used as

advisers while general administrators are developing an expertise in economics. "Economists feel that their position is being undermined, but are unclear whether it is due to incompetence, poor management or deliberate policy. Even conspiracy theorists receive a hearing." The Government economic service was formed in 1965 and employs 350 people across all Government departments. But the distribution of economists is perverse. The high-spending Home Office and Ministry of Defence, for instance, have just one and three respectively. But the Departments of Environment and Transport share 49. This, it is thought, reflects a penchant

for economists by Mrs Barbara Castle when she was Transport Minister. In the Treasury there are 88. Yesterday the Treasury, the department responsible for civil service pay, said it recognised there were difficulties retaining economists in Government service. But it said a recently agreed pay package should help ease the problem. Mr Corry, however, calls on the Government to make clear what it wants from the economic service. Otherwise, he warns, it could disintegrate. That, cynics might argue, would be no great shame if the Government could employ others to create an orderly economy out of chaos. But then who would create the chaos?

MacGregor recruited by THF to revitalise US hotels

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

SIR IAN MACGREGOR, the 76-year-old former head of British Coal, has been brought in to revitalise Trusthouse Forte's North American hotels group which has performed less well than the UK hotels in recent years. THF emphasised last night that the appointment, announced yesterday, was not a prelude to an axe-wielding exercise similar to Sir Ian's controversial closure programme for coal mines which led to the year-long miners' strike in 1984-85. Mr Rocco Forte, THF's chief executive, said: "Sir Ian's experience on both sides of the Atlantic will be invaluable to our North American business in moving it forward from its present solid base." Sir Ian replaces Mr Bernard Combemale as chairman and chief executive of Trusthouse Forte Inc, the company's US operation, from the middle of this month.

Sir Ian will not be the oldest member of THF's board. Lord Forte, the company's founder and chairman, is 78, while its president, Lord Thorneycroft, is 72. Sir Charles Hardie, THF deputy chairman, is also 72. THF declined to disclose Sir Ian's new salary but it is understood to be more than £100,000 a year. The company said the post was "pretty much a full-time job." Sir Ian said last night: "THF's North American operations have great potential which I look forward to developing with them in the coming years." THF has three main hotel chains in the US: some 478 Travelodge budget hotels; 14 Viscount first-class hotels; and five deluxe hotels operating under its Exclusive Hotels division. Its Exclusive hotels include the Westbury in New York and the Plaza of the Americas in Dallas. While profits from THF's UK

hotels division have surged - trading profits were up by 27 per cent last year to £110m - they rose only by about 9 per cent to £5m in the US. Over the past few years, the company has restructured its US operations into the three divisions aimed at different segments of the market. While the Travelodge and Exclusive hotel chains are said by hotel analysts to be on course for further growth, the main problem facing Sir Ian will be the Viscount hotels. Viscount, which competes with hotel chains such as Holiday Inn, Ramada, and Marriott, has no clear-cut market image and has too few hotels to make a strong impact. US hotel analysts suggest that the Viscount name could soon be changed to Forte International as part of a big advertising and promotional campaign.

Major stake in Welsh brewery to change hands

BY NIGEL TAFT

RAMIFICATIONS of the appointment of a provisional liquidator at Barlow Clowes Gilt Managers last Friday, yesterday spilled over to another quoted company, the Welsh brewery, Buckley's. Mr Peter Clowes, founder of Barlow Clowes and chief executive of its quoted parent, James Fergusson Holdings, said he was resigning from the Buckley's board immediately, where he has been a non-executive director, and had "decided in principle to dispose of his beneficial shareholding". Mr Clowes' interest in Buckley's amounts to 6.46m shares or 40.38 per cent. Mr Clowes added that he was looking for a price "in the region of 192p a share." At this level, sale of the stake would raise £12.4m. However, Mr Clowes denied that he was under any financial pressure to sell his Buckley's shares. The stake is registered in the name of Singul Nominees, a nominee account at merchant bank Singer & Friedlander, and held as security against borrowings, but Mr Clowes said that these amounted to only about one-third of the current value of the shares. He was selling in order to concentrate on the situation at Barlow Clowes itself, he said. Mr Clowes' interest in Buckley's represents one of a number of joint business ventures with Mr Guy Cramer who yesterday reaffirmed his commitment to the company.

Isaacs reveals plans for Covent Garden

BY ANTONY THORNCROFT

A NEW Covent Garden Opera House, both in building and in content, began to take shape when Mr Jeremy Isaacs, who takes over as general director on September 1, announced his plans at a crowded press conference yesterday. Confidence and change are the watchwords. Over the next few years, Mr Isaacs, formerly chief

executive of Channel 4, the independent television channel, intends to introduce new productions of all the popular operas, scrapping in the process the sets and costumes of a hundred existing productions currently stored in a Kent warehouse. The approach is clear from the programme for 1988-89, which includes as many new produc-

tions as revivals among the 20 operas announced. There will also be long-term ventures, such as a new series of Verdi operas produced by Piero Fagioni, and a new version of Wagner's Ring cycle and of three popular Mozart operas from a team headed by music director Bernard Haitink.

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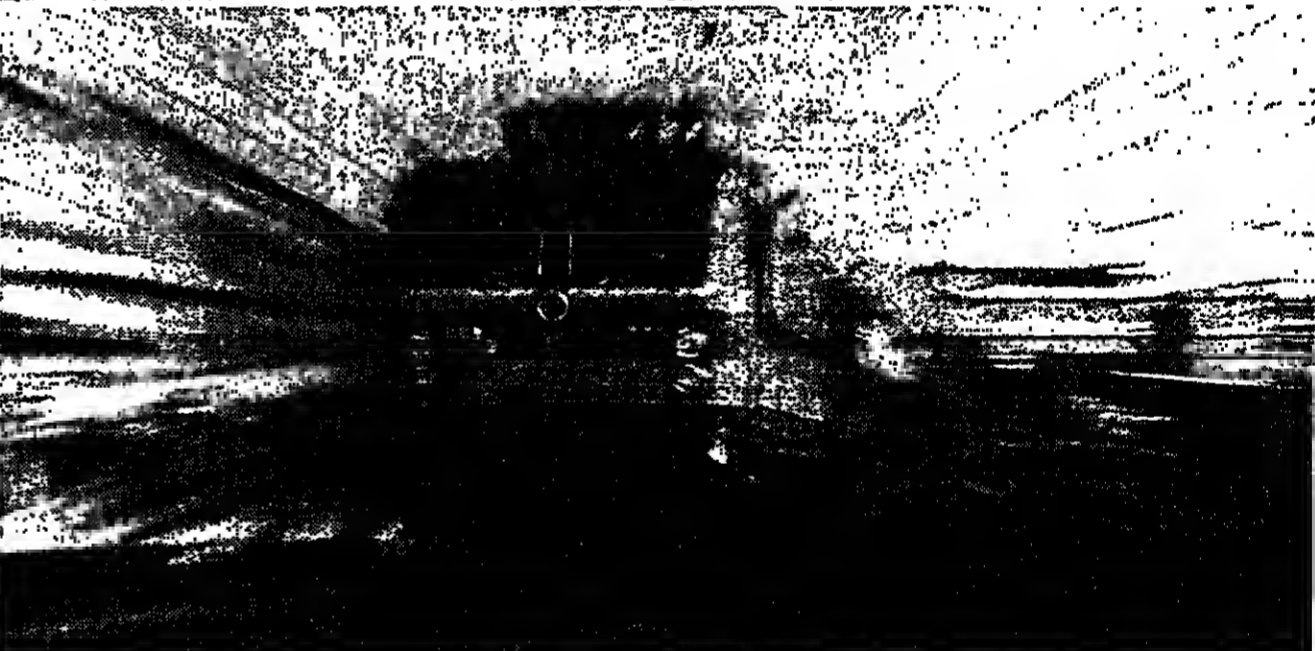
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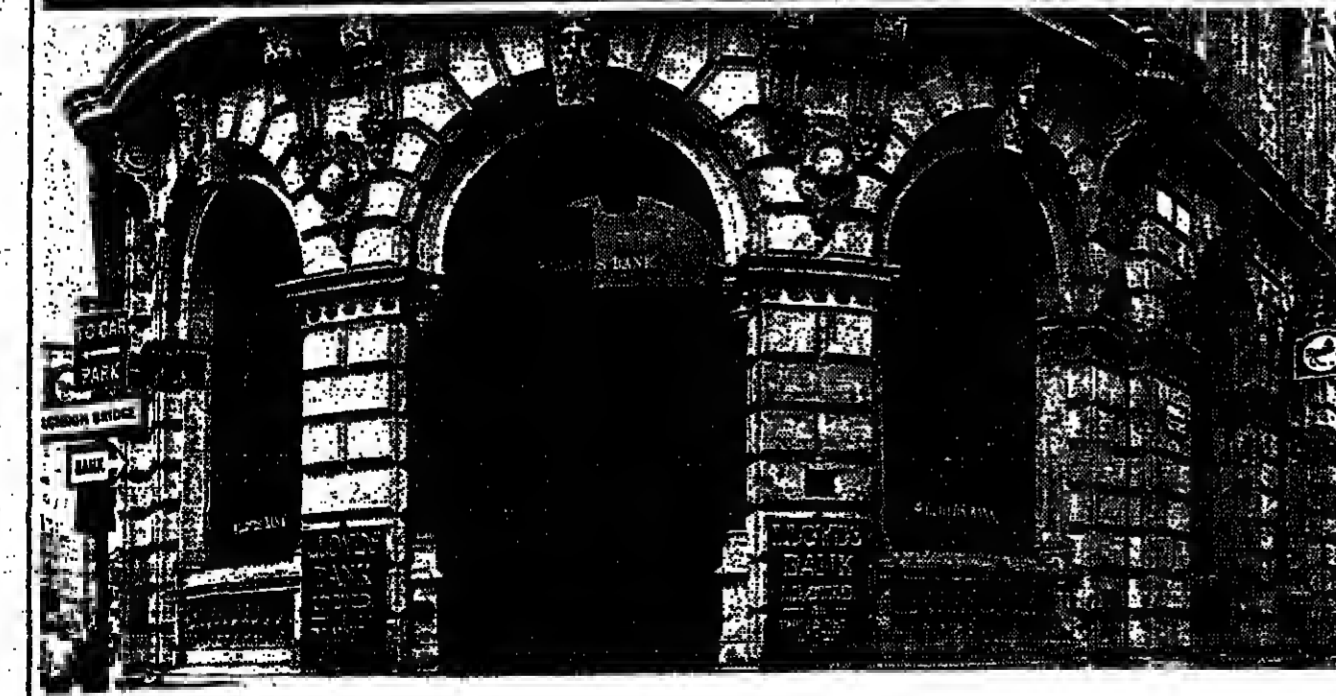
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PHILIPS

UK NEWS

Ashdown, Beith launch bids for Democrats post

BY CHARLES HODGSON

MR PADDY ASHDOWN will today launch his campaign for the leadership of the Social and Liberal Democrats by urging the party to move from its parent Alliance party's tactic of power sharing and seek to replace the Labour party as the effective opposition to the government of Mrs Margaret Thatcher.

Mr Ashdown will use a speech to his Yeovil constituency in the south-west to outline his agenda for the newly merged Democrats. It will concentrate on developing a new electoral strategy and forward-looking policies to counter the Thatcher government.

Australian court set to rule on Spycatcher

AUSTRALIA'S High Court will tomorrow rule on Britain's attempt to ban publication here of the former British counter-intelligence officer Mr Peter Wright, Reuter reports from Canberra.

Mr Wright's publishers, Heinemann Australia, are so confident of a ruling in their favour that they have run off 100,000 paperback copies of the book for release tomorrow. They have already sold 1.4m copies world-wide, with 240,000 hard-back copies sold in Australia.

Forging a revival from the steelworks' rubble

Ian Hamilton Fazey reports on Consett's success in creating jobs

CONSETT, the north-eastern town which lost 5,000 jobs overnight when its steelworks closed down eight years ago, is starting to enjoy economies of scale in economic regeneration.

The cost of creating jobs in the small County Durham town is falling as businesses backed by risk-taking lenders and venture capitalists become more successful and employ more people. At the same time public sector subsidies are effectively being repaid many times over as successful companies pay taxes.



The demolition of Consett's steelworks after its closure cost 5,000 jobs

Mr Roger Thackeray, chief executive of BSC Industry, said yesterday that if the company had been backed by secured loans rather than equity capital, conventional lenders might well have forced closure to recover their money when crises threatened.

Of the four companies researched Derwent Valley Foods - which makes the Phileas Fogg snack foods - features in the television advertising campaign by the Department of Trade and Industry for its enterprise initiative. But the company almost failed - 31, its venture capital

backer, had to guarantee its overdraft to prevent its bank from foreclosing. Star performer of the four is Blue Ridge Care, which makes disposable nappies. It looks like turning over £15m this year, compared with £40,000 in 1983-84, when it started up.

Blomg Holdings created 200 jobs, the most among the four companies. The group makes laminated security glass and shielding against electromagnetic radiation, and similar niche market glass products. The fourth studied company, Integrated Micro Products, was a high-tech

Britain is urged to accelerate biotechnology research work

BY DAVID FISHLACK, SCIENCE EDITOR

BRITAIN MUST spend more generously on biotechnology research if it is to take advantage of important industrial opportunities by the end of the century. This is the conclusion of the management committee of the Government-funded Biotechnology Directorate, which supports pre-competitive research in advanced biotechnologies such as protein engineering.

Present research aims at a better understanding of interactions between pharmaceuticals and proteins in the body and more stable enzymes for use as industrial catalysts. The report examines the future of the Biotechnology Directorate, set up in 1981 to bridge the science and engineering aspects of biotechnology, under a management committee of industrialists and academics.

It argues for an enhanced version of the present directorate, with a strategic goal of "biotech 2000", working in close co-operation with other research councils. The Department of Trade and Industry. Funding of this new directorate should take greater account of the biological sector of industry - estimated to be worth £50bn a year to Britain - and the capability which biotechnology has to develop new products and services for world markets.

Skipton in joint home loan move with Soc Gen

BY DAVID BARCHARD

SKIPTON BUILDING SOCIETY is to market mortgages in the UK for Société Générale of France. The French Bank will make an initial £100m available for mortgages to be sold through branches of the Skipton over the next 12 months.

Retailers plan big rise in IT spending

BY ALAN CANE

RETAILERS plan to increase substantially their spending on information technology this year with supermarket operators and brewers leading the way, according to Research Solutions, a consultancy. A survey on behalf of ICL, the UK computer manufacturer, of 125 retail managers with responsibility for IT showed that 55 per cent intended to increase their spending on IT equipment in 1988, while 23 per cent expected to spend the same amount as in 1987.

Bus group gets to end of the queue

By Richard Tomkins

HEARTLESS conspirators in Birmingham are poised to jeopardise thousands of jobs in the umbrella-manufacturing and crossword-compiling industries with plans to abolish one of Britain's most hallowed institutions: the bus queue. West Midlands Travel, the main West Midlands bus operator, is hatching a plot to change the lifestyle of millions with a phone-in service that will enable passengers to find out exactly when the next bus will arrive at any given point on its route.

Probes into false benefit claims to be stepped up

BY PHILIP BASSETT, LABOUR EDITOR

THE Government is to clamp down further on social security benefit fraud over the next 12 months after the publication of figures today showing a rise of more than a third in the savings from benefit investigations. Figures released today by the Department of Employment show that about 395,000 benefit fraud investigations were carried out in 1987-88, leading to some 80,000 withdrawing benefit claims.

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JOBS

Problems that truly test managers' mettle

BY MICHAEL DIXON

When working late you receive a telephone call from a customer urgently wanting some data held by a colleague of yours who has gone home. In searching the colleague's desk for the data, you come across a huge backlog of work. Which of the following three things do you do?

A - Report the find to your joint boss.
 B - Say nothing, because you had no right to search another person's desk.
 C - Mention the matter to your colleague privately, and see if you can be of help.

The trouble is that this sort of thing happens quite often in firms, said Mike, a top personnel manager, on being faced with these problems on the other night. "I don't think you can just cop out by saying nothing. I'd take option C, have a quiet word with the poor bloke and see if I could lend a hand. What do you think?"

The decision won the instant agreement of all the half dozen other managers at the table in one of the plush seminar rooms overlooking Lancaster Gate in London. There was also swift agreement on a solution when the same problem was put to a second group of executives in another room across the hallway. But the options they unanimously went for were A, to rat on the colleague, to the boss.

Both groups of managers, from a variety of specialisms and organisations, had been sent to the seminar to sample a new

training exercise in an aspect of management that is now a hot topic - ethics. More and more employing concerns seem keen to imbue their workforce, from top to bottom, with a code of approved behaviour.

Their motive is not solely the negative one of installing moral barriers against acts of the sort which have led to a rash of prosecutions and peremptory sackings. Numerous organisation chiefs see the establishment of company-wide ethical standards as the key to creating a corporate culture that will win a whole-hearted and thoughtful, as well as able-bodied, effort from their entire staff.

The difficulty, of course, is how to get such standards not just accepted but put into effect. Much in history confirms the foolishness of devising moral codes on high and trying to drill them into those below. And indeed, within the past few months, an august management consultancy's private report on corporate culture created ruled that reforming a workforce's ethics was something a training programme could not do.

Oddly enough, it was that report which inspired the new training exercise being sampled by the dozen assorted executives at the seminar. For the ruling that effective training in ethics is impracticable was read by Pam Pocock. As joint boss, with her husband Peter Wallum, of a less august consultancy - Strategic

People - she set out to prove the more august counterpart wrong. The outcome is "Dilemma", a boardgame in which up to about six people take the roles of managers vying for promotion. As I have room for only a broad description, anyone wanting full details should contact Strategic People at the Range, Dockett Eddy Lane, Shepperton, Middlesex TW17 9NT, tel Chertsey (0832) 563213. In outline, however, the game goes as follows.

Promotion race

Players take turns throwing dice to decide how far they are "promoted" up a ladder which consists of numerous white steps mingled with a few coloured ones. There is also a pack of cards, each printed with an ethical problem and a choice of three responses on the lines cited earlier. Most of the problems are culled from real management life. Anyone landing on a white step is free to throw the dice next round. But promotion is less easy for players who land on a colour. Not only must they take a card, read out the problem on it, and opt for one of the responses. They also have to get a majority of the other players to agree that the option they have picked is the best one. Otherwise, instead of throwing the dice when their turn comes again, they must take another problem from the pack and repeat the exercise, staying sidelined in their "career" until

they win majority approval of a response they have chosen. Consequently most of the game is spent in debate which, to judge by what I saw, is usually serious although rarely solemn, and sometimes heated. It confirmed an impression I've often gained before that the challenges which put managers really on their mettle are not the technical sort, which they are typically more than competent to cope with, but ethical and political issues. Time and again, when a problem was read out, one of the players would say something like "I ran into one like this last week, and I can tell you it's a stunner..."

The example involving the colleague's work backlog was exceptional in eliciting swift agreements on particular options, which even then differed sharply between the two groups of players. The main reason for the difference was probably that the groups were approaching the game in contrasting ways.

The set who agreed to rat to the boss seemed to be playing as though the problem had arisen in an organisation like those they actually work for. If so, their organisations evidently require employees to commit themselves totally to their scheduled tasks, all of which must be assumed to be essential.

As a manager, your loyalty to the company, and colleagues who don't keep up with the work they're given are letting the company down," said one player

to approving nods all round. "You can't help them to do their job except by putting less into your own and, besides, you'd only be treating symptoms. You've just got to report it."

But the other group were playing as though they were designing an organisation that all employees would find productive to work in, and using the Dilemma game to decide what its ethical code would be. They agreed that, among other things, the code would leave room for staff to have loyalties, not just to the system and their appointed superiors, but to one another. Hence the unanimous approval of a quiet chat with the apparently failing colleague.

"It might be he's managing more intelligently than you are, one player said. "The backlog might consist of bits of work that, while they were thought to need attention when the system was set up, your colleague has found do not. So the chat might cue you into cutting dead weight from your own workload."

No illusion

Even so, the second group were under no illusion that the ethical principles they were framing for the ideal organisation were those they would act on in their real-life jobs. That much was shown by their discussion of another of the problems, which was: "You have just been made head of a department only to find it is

largely a non-job. The reason is that the manager's post was previously left empty for some months, and in the interval your new subordinates have become accustomed to dealing at first-hand with the director who is now your boss. Which of the following do you do?"

A - Insert yourself between your juniors and the director, insisting they henceforth deal directly only with you.
 B - Seek alternative ways to display your abilities.
 C - Actively develop your juniors in a managerial role.

When the group fairly quickly agreed on C, the Jobs column commented that every piece of relevant research it had seen showed that to do anything but take option A was tantamount to career suicide. Whereupon one of the players snarped:

"Do you think we could have got this far without knowing that? Of course we probably wouldn't practise what we've just preached. But the fact is that C would be best for everyone: the company as well as your juniors, and for you - if it wasn't made politically impossible by attitudes higher up. That's the snag with being a middle manager. The ethics of your bosses put political straitjackets on the ethics you can practise yourself."

So the best advice for chief executives wanting to build a productive culture, would seem to be that corporate ethics begin at home.

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SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES

Wednesday June 1 1988



Macmillan launches \$1.6bn plan to ward off takeover by Bass

BY RODERICK ORAM IN NEW YORK
MACMILLAN, one of the last major independent US book publishers, yesterday unveiled a recapitalisation plan worth more than \$1.6bn which it hopes will fend off a takeover offer from Mr Robert Bass, a prominent Texas investor.
The New York company will split itself into two publicly traded entities, both of which will be of equal size.
Macmillan Publishing will handle books while Macmillan Information will be responsible for information and instruction services such as its Berlitz language schools.
Executives and employees will have substantial minority interests in both companies as a defence against other bids.
The company, which is the third largest US textbook publisher, said it hoped the plan would ensure its independence.
It was founded 145 years ago as the US subsidiary of Macmillan, the UK publisher, but its parent sold its interest in 1952.
A rash of takeovers and recapitalisations among publishing houses over the past few years had made Macmillan the object of repeated bid speculation.
It said the defence announced yesterday had been under development for almost a year and was not specifically a response to Mr Bass's offer.
Wasserstein and Perella, the Wall Street takeover specialists advising Macmillan's board, said the recapitalisation plan was

Bond builds 6.9% stake in Bell Resources

By Gordon Crabb in London
MR ALAN BOND, the Perth brewing and mining magnate, yesterday declared a 6.9 per cent stake in Bell Resources, the asset-rich prize in the dwindling empire of Mr Robert Holmes à Court, who has been his chief local rival.
The holding - bought in part from Mr Holmes à Court - is in addition to Mr Bond's 19.9 per cent of Bell Group, the parent of Bell Resources, which helps secure his position among a number of entrepreneurs seeking to gain from Mr Holmes à Court's retreat since the October market crash.
The announcement came on the day that Mr Holmes à Court told Bell Resources shareholders at its annual meeting that the company had no goal left.
Liquidating the company, which holds 10 per cent of BHP, was one option but "would be a tremendous shame".
Mr Holmes à Court was addressing what some observers expect will be his last meeting as chairman of a quoted company. He reiterated a desire to withdraw from what he called the "fun and complexity" of public corporate life.
He has sold his 3.2 per cent in Bell Resources to Mr Bond, whose Bond Corporation International added to this through market purchases. Bell Resources shares jumped 11 cents yesterday to \$1.83, their highest this year - valuing the company at some \$1.8bn (US\$900m).
The purchase from Mr Holmes à Court is a previously undisclosed part of a deal between the two men at the end of April when Mr Bond bought his strategic and controversial stake in Bell Group. Mr Holmes à Court holds up to 6 per cent of his master company, which owns upwards of 40 per cent of Bell Resources.

James Buchan looks at the latest attempt to salvage a former corporate Vietnam
Tenneco mortgages its future to Case

TENNECO'S decision last week to sell its huge oil and gas interests has astonished Wall Street.
It is not just that the Houston-based conglomerate is auctioning more than \$5bn in production acreage and a quarter of its business. It is mortgaging its future to a company once ruefully described as a corporate Vietnam - the Case IH farm machinery company.
In eight catastrophic years of slump in the North American farm economy, Case has cost its parent more than \$1bn, dragged it deeply into debt and exposed it to the risk of takeover. But the decision by Mr James Ketelsen, chairman and chief executive, and Tenneco's other directors to reshape the \$14.8bn sales conglomerate around Case is not as odd as it sounds. Sometime soon, Case IH will start making a profit.
With land values rising for the first time since the early 1980s, farm mortgages down and incomes up, North American farmers are beginning to replace their sputtering combines and tractors. Machinery sales jumped 28.8 per cent on an annual basis in the weeks leading up to the spring planting season, with sales of big tractors doubling and combines quadrupling.
Out at Racine, in Wisconsin, Case is pushing up summer production rates to meet its dealers' clamour for new inventory for the autumn harvest. Both Case and the market leader, John Deere, have stopped major discounts on big tractors.

Mr John Stark, editor of Stark's Off-Highway Ledger, the industry's leading trade publication, says: "The upturn has definitely begun."
But Mr James Ashford, who runs Case for Tenneco, has seen too many manufacturing businesses go wrong to make any promises. Case, which divides its \$3.5bn in sales between farm equipment and tractor-mounted construction machinery, has made losing money a habit since 1981.
"When you think this company lost \$250m including \$100m from its basic business last year, I would be extremely proud to break even," Mr Ashford said recently.
Mr Ashford, 51, is a quiet and cautious Mississippian who has spent more than half his life in the automotive industry. For five years, he struggled manfully to turn round Tenneco's silencer and shock-absorber businesses. He succeeded and last November, Tenneco packed him off to deal with the vastly more daunting challenge at Case.
At stake is the future of Tenneco, which has been under unrelenting threat of takeover since Case's market fell apart. Mr Charles Harris, an analyst at Oppenheimer on Wall Street, says: "Tenneco has taken its best manufacturing manager and put him in Case. If Jim Ashford can't save Case, nobody can do it."
Case, which as JI Case has a history going back to 1842, was bought by Tenneco in 1970 and enjoyed strong growth for the



James Ketelsen: sees logic of road to recovery
next decade as North American farm acreage expanded to meet export demand for grain.
But from 1979, when the market for tractors and combines peaked at over 300,000 units and \$12bn in value, rising interest rates and falling demand crippled farmers and they stopped buying new equipment. The market for tractors above 40 horsepower has fallen 65 per cent from its peak.
In 1984, Mr Ketelsen, himself a former Case man, made a bold gamble. Rather than writing off Tenneco's investment in Case, he spent \$450m in cash and stock to buy the desperately troubled farm-equipment operations of International Harvester.
The merger brought some advantages. It turned Case into a full-line supplier by bringing in Harvester's combine business and brought in a valuable network of 1,800 dealers. Case IH, as it was now known, cut industry

capacity by closing Harvester's 24,000-unit large tractor plant at Rock Island, Illinois, and combined both companies' production of medium-sized tractors at Harvester's factory in Doncaster in the UK.
But still the losses piled up. Mr Ashford says: "Case was cutting costs but it could not stay ahead of the volume decline. It should have cut more capacity." Instead, Case adopted a policy of aggressive price discounting to clear its bright red tractors out of dealers' yards and keep its market share at 30 per cent (against Deere's 50 per cent).
In the third quarter of last year, Mr Jerome Green, then president of Case, announced discounts of more than 45 per cent to clear the way for its new Magnum series of tractors over 100hp. The fire sale was a success - and a disaster. The machines were snapped up in just six weeks. Mr Harris says: "They completely misjudged the pent-up demand."
While Mr Stark adds: "Case lost a whole ton of money." Mr Green resigned with the "agreement" of Mr Ketelsen and Mr Ashford came in.
Mr Ashford's strategy is twofold. First, he is trying to cut manufacturing costs in every way possible. "At Case, every idea for cutting costs is a good idea. I'm the kind of guy who picks a penny up off the floor," he says.
With the entire industry still operating at only 50 per cent of capacity, he is closing three US plants with a loss of 3,000 jobs.
Like the rest of the industry, Case sources its small and medium-sized tractors in their main markets - Japan and Europe - and the company needs to cut costs to compensate for the appreciation of the yen and the European currencies or move elsewhere. "Costs in the UK are still too high," he says. "We just cannot export back to the US with the pound so high."
Second, he is trying to improve Case's reputation for quality, which has lagged behind that of Deere, with its bigger and stronger dealer network. American farmers are notoriously conservative in what they buy, whether Deere green or Case red, but Case has got off to a good start with the Magnum series.
Mr Stark says: "It's the right product at the right time." The industry also expects Mr Ashford to work more closely with the dealers than previous management.
Mr Harris of Oppenheimer says: "By appointing Ashford, Tenneco has to recognise it is not going to get a quick and dirty turnaround. He has to convert Case from a volume and market-share driven company into a quality and service oriented company. Only that way can he make it profitable regardless of market conditions."
Mr Ashford says: "I don't feel pressure from the Tenneco board to turn a profit. I'm more concerned about solving the fundamental problems of this business."

Higher losses at Israel Aircraft

BY ANDREW WHITLEY IN JERUSALEM
ISRAEL AIRCRAFT Industries (IAI), the state-owned aerospace and defence group, reported a sharply increased loss of \$96.8m for the nine months to December 1987, compared with \$12.3m over the previous 12 months.
Much of the loss was attributed to special costs related to the cancellation last August of the

Levi combat aircraft.
It said costs stemming from the cancellation have so far come to \$91.4m, although it did not provide a breakdown.
The company was quoted yesterday as forecasting that under certain conditions IAI could "at least break even this year."

IBM fires fresh salvo in 'clones' war

BY LOUISE KEHOE IN SAN FRANCISCO
INTERNATIONAL BUSINESS Machines is this week expected to announce additions to its Personal System/2 personal computers range and to cut the prices of some existing models.
The move reflects an increasingly aggressive push by IBM to recapture a dominant share of the \$30bn personal computer market lost to "clone" makers over the past few years.
The key additions to IBM's Per-

sonal Series/2 range of computers will be high performance desktop computers built around Intel's 386 microprocessor.
The "Model 70 family," as it is expected to be called, marks IBM's entry into the high performance desktop computer race currently led by Compaq Computer. IBM's current 28-bit microcomputer, the Model 60, is a "desk-side" floor-standing unit.

Bank of Nova Scotia up in quarter

BY DAVID OWEN IN TORONTO
BANK OF Nova Scotia, the fourth largest Canadian bank, yesterday reported a marginal increase in second-quarter profit, due mainly to higher interest income and corporate banking fees.
The bank also increased to C\$1.62bn (US\$1.31bn) or 38.3 per cent of exposure its general provision against loan losses to 39 designated less developed countries.
The bank said it was aiming at

a provision of at least 40 per cent by the current fiscal year-end. Accordingly, its general provision for country risk will be increased by C\$239m during the 1988 financial year. Of this, C\$112.5m is reflected in first-half figures.
In the quarter ended April 30, net income totalled C\$129.6m or 72 cents a share, compared with a restated C\$119.3m, or 66 cents a share.

All of these Securities have been sold. This announcement appears as a matter of record only.
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INTERNATIONAL CAPITAL MARKETS AND COMPANIES

David Owen on the growing band of institutions looking for financial services deals
Rush to establish Canadian merchant banks

WITH THE enthusiasm and alacrity of children with a new toy, sundry Canadian institutions are establishing new merchant banks.

Since March alone, three such entities have been created on the strength of investments by the likes of Mr Paul Desmarais' Power Financial, the National Bank of Canada (NBC) and both branches of the ubiquitous Bronfman family.

Power's new merchant banking arm, Power Financial Capital, will be capitalised at C\$100m (US\$85m) and aims to provide a "hand-holding service" for Canadian companies interested in expanding into the US.

Meanwhile, Edward and Peter Bronfman, through Hees International, the undisputed doyen of Canadian merchant bankers, have decided to transform Versatile Corporation, once the largest manufacturer in western Canada, into a west coast merchant banking operation.

In addition, Unicorp Canada, a property, energy and utility group which has been conducting merchant banking transactions for some time as an integral part

of its business activities, recently formed a separate merchant banking division. These ventures will swell the throng of those who have found their way into the nebulous realm of merchant banking in the past few years.

Why this sudden surge of interest in merchant banking? In a nutshell, the prime motivation appears simply to be the potentially lucrative rewards to be realised for those who strike the right deals.

Equally, covetous eyes have been focused on the huge sums of money being made south of the border by takeover and leveraged buyout specialists such as Mr Carl Icahn and Kohlberg Kravis



Paul Desmarais of Power Financial, aims to provide a 'hand-holding service' for Canadian companies interested in expanding into the US

Robertson. Mr Geoffrey Browne, senior vice president of CIBC's investment bank, says: "Things creep into Canada a year or two after they reach the US."

It is also true that in the current investment climate, investment banks are finding it harder and harder to generate the levels of return to which they have grown accustomed.

Meanwhile, some more established companies have been lying in wait for the threat to their turf by expressing doubt about the extent to which the newcomers will indulge in bona fide merchant banking.

Mr Michael Mackenzie, Canada's eminently level-headed superintendent of financial institutions, believes "they can't make money any other way."

The deregulation of financial services, which got under way in June 1987, is regarded as a relatively minor additional stimulus. According to CIBC's Mr Browne, while the new rules did not permit anyone previously excluded to enter the merchant banking fray, they did prompt a general reassessment of structures and resources.

While it has no doubt prompted some uneasiness in corporate boardrooms across the country, the flood of new players into merchant banking has sparked a natural reaction of a quick shake-out.

Perhaps mindful of this, many of the newer participants have outlined market niches where their interest chiefly lies, defined either by type of transaction or by geography.

Mr Mackenzie, however, is rather less sanguine about future prospects. "In financial services, one of my chief concerns is that there are too many players in the field. With deregulation, some of today's winners are going to turn into tomorrow's losers," he says.

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First Eurosterling deal for Japan-backed issuer

BY PHILIP COGGAN AND STEPHEN FIDLER

THE FIRST Eurosterling issue by a Japanese government-backed institution - and an almost identical priced £100m issue from British Telecom - provided the main highlight of the new Euro-bond market yesterday.

Both issues were perceived as being tightly priced but, most particularly, the Japanese Development Bank's £100m five-year issue, which was priced at just 111 points above the equivalent gilt.

The JDB and British Telecom issues shared the same coupon - 9 1/2 per cent - but, whereas the Japanese issue was priced at 121 1/2, Kleinwort Benson priced the BT issue at 101 1/2, giving it a yield 17 points above gilts.

The market seemed prepared to accept the tight pricing, given the Triple A rating of both issuers, and in the grey market the two issues were trading within fees yesterday.

The secondary market in most bonds was quiet in European trading yesterday, with the Euro-bond market subdued by the departure of dealers for the annual meeting of the Association of International Bond Dealers in Dallas.

The Eurodollar bond market presents new issue managers with something of a quandary these days. Yield premiums over equivalent US Treasury issues continue at very low levels, yet this does not encourage new issues, despite the access of those recent issues that have been launched.

of pockets of demand and the fact that they have not been imitated has been attributed to the lack of attractive swap opportunities into floating-rate dollars. Indeed, on a relative basis, the floating-rate note market looks more attractive compared with swapped fixed-rate issues than at almost any time since early last year.

Secondary markets in both West German and Japanese bonds were subdued with little movement compared with late last week. In West Germany, the announcement by the Bundesbank of 35-day repurchase agreements at the previously prevailing 3 1/2 per cent helped calm some fears of a tightening of credit.

The new one D-Mark issue was the awaited DM150m five-year straight issue for Sato, a subsidiary of Australia's Bond Corporation. It carried a 6 1/2 per cent coupon and a par issue price and was launched through BHF-Bank.

The Alcan issue was convertible into shares in Nippon Light Metal and CSFB pointed to the recent substantial rise in Nippon's share price which may have convinced some investors to limit their holdings.

Elsewhere, Credit Suisse First Boston was forced to cut the size of its dollar convertible for Alcan Aluminium from \$200m to \$150m, because of a lack of investor demand.

After last week's flood of new Corporation. In the Australian dollar sector, there was a 10-year A\$150m convertible issue from Pioneer Concrete Finance International, managed by Morgan Stanley and carrying a 9 1/2 per cent coupon. Ford Credit Australia, managed by Hambros, issued a five-year \$50m convertible with a 5 1/2 per cent coupon and a par issue price through Swiss Bank Corporation.

INTERNATIONAL BONDS

Table of International Bonds with columns for Issuer, Maturity, Coupon, and Yield. Includes sections for US Dollars, Yen, and other currencies.

Table of ENDESA issue oversubscribed, listing various international bonds and their market performance.

Small text at the bottom of the ENDESA table providing additional market data and notes.

Austrian Airlines offer meets strong demand

BY JUDY DEMPSEY IN VIENNA THE SALE of 24.3 per cent of Austrian Airlines has been substantially oversubscribed, according to Oesterreichische Laenderbank, the lead manager for the flotation.

Foreign banks criticise Swiss finance regulations

SWITZERLAND'S strict regulation and taxation of securities transactions is hurting its attractiveness as an international financial centre, according to the Association of Foreign Banks in Switzerland, Reuters reports.

State stake in Fokker smaller than expected

BY LAURA RAUN IN AMSTERDAM THE DUTCH Government has taken a smaller than expected 16 per cent stake in Fokker, the aerospace group, because of strong demand for the shares from foreign investors.

ICI Investments Canada Inc. advertisement. Includes ICI logo, text: 'An indirect wholly-owned subsidiary of Imperial Chemical Industries PLC', and 'C-I-L Inc. As a result of this transaction, C-I-L Inc. is now an indirect wholly-owned subsidiary of Imperial Chemical Industries PLC'. Also includes text: 'The undersigned acted as financial advisor to Imperial Chemical Industries PLC in this transaction.' and 'Wood Gundy Inc.' at the bottom.

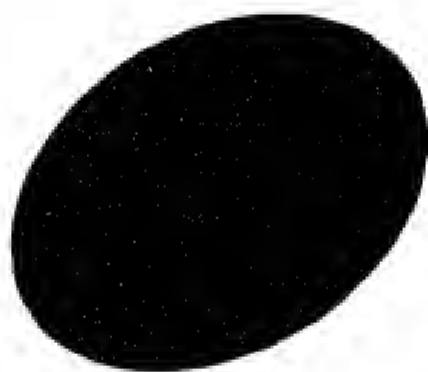
Continuation of text from the ENDESA table, describing market conditions and investor interest.

Text describing the ENDESA issue, mentioning it is oversubscribed and listing details for various international bonds.

Text describing Brown Boveri's expansion, mentioning its partnership with the Swedish-Swiss ABB engineering group.

Handwritten 'JA' in the top right margin.

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For more information about Mitsubishi Kasei Corporation, write today for our annual report.
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UK COMPANY NEWS

De La Rue pleases City with advance to £62m

BY VANESSA HOULDER

De La Rue, security products and printing technology company, weathered adverse currency movements and intensified competition in all its major markets during the year to end-March and for the period increased its profits by 12.2 per cent to £62.4m at the pre-tax level. The result was scored on a turnover up 8.9 per cent to £483.7m.

Placing on USM values Arthur Shaw at £8m

BY FIONA THOMPSON

Arthur Shaw, manufacturer of safety and security fittings for windows and patio doors, is joining the Unlisted Securities Market via a placing valuing it at £7.5m.

Scott Pickford aims to raise £158,000

Scott Pickford, which provides a range of geophysical and computer services to the oil, gas and minerals exploration industries worldwide, is joining the Third Market. Watlington Securities is acting as sponsor, writes Fiona Thompson.

Harris Queensway in £0.39m payment to ex-directors

By Nikki Tall

Harris Queensway, troubled carpet and furniture retailer chaired by Sir Phil Harris, paid £396,000 in compensation for loss of office to directors leaving the group last year. The figure is disclosed in the annual report and accounts, posted yesterday.

Brierley lifts stake in Normans

BY NIKKI TALL

Shares in Normans Group, the discount food retailer, jumped 4p to 61p yesterday on news that Sir Ron Brierley's IEP Securities now holds 2.94m shares, or 5.08 per cent.

Christopher Parkes on Campbell's takeover of Freshbake Foods Unlocking some frozen assets

FURTHER confirmation - if it were needed - of the attractions of the British food processing industry came again yesterday with Campbell Soup of the US taking over frozen goods specialist, Freshbake Foods.

Recognition of management skills, underscored by the planned appointment of Freshbake's chief executive Mr Ken Manley as chairman of combined operations in the UK, plus Campbell's existing Dutch frozen foods business, Groko, is only part of the story.



Ken Manley, who has been appointed chairman of combined operations in the UK.

There are also culture gaps to be bridged. Campbell draws about 20 per cent of its \$4.4bn annual sales from frozen foods, mainly in the US. There it concentrates on the quality end of the market where margins are fat.

unlocked frozen food markets on the continent. The purchase of Freshbake will give it critical mass and strengthen its European launch pad with a further three EC-approved plants. Mr Manley's aggression, which led to Freshbake taking over 14 companies in the past five years, will also be put to use.

TV-am chief battles through short and sour annual meeting

BY FIONA THOMPSON

THE ANNUAL meeting of TV-am yesterday was short and sour. The meeting, all 27 members of the board, was devoted largely to increasingly angry questions from the floor about the 232 technicians sacked in February and increasingly dismissive replies from Mr Ian Irvine, TV-am's chairman.



Ian Irvine (left) was flanked by David Frost and fellow directors



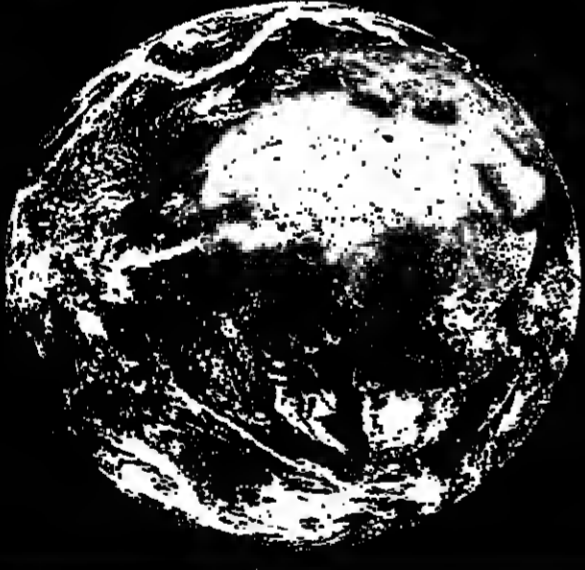
Flanked on the podium by managing director Mr Bruce Gynell, recently returned to work following a heart attack, a tanned and cigar smoking Mr David Frost, and their seven fellow directors, Mr Irvine was interrupted before he had even completed his first sentence seeking approval for the accounts and directors' reports.

TSB Channel Islands 21% higher

TSB Channel Islands increased its pre-tax profits by 21 per cent from £3.36m to £4.06m in the six months to April 30 1988, and the interim dividend is raised from 2p to 2.5p.

Mr Ray Jones, chairman, commenting on the results, said: "We are beginning to benefit from the extension of our activities in a number of areas. Treasury activity continues to grow, with balances increasing by 31 per cent to £48m since the year-end."

Our Customer



At least one of our products is used in practically every country in the world.

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From this base we are using our skills to develop new businesses combining security and technology. A quarter of the world's cash dispensers use De La Rue mechanisms. Police forces around the world use our automated fingerprint identification systems. We are a major supplier of security holograms and our sophisticated security systems protect the launch site at Cape Canaveral U.S.A.

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Table with financial data for 1988 and 1987: Profit Before Tax (£62.4m vs £55.6m), Earnings Per Share (31.1p vs 28.3p), Dividend Per Share (13.25p vs 12.00p)

Copies of the Preliminary Report and Chairman's Statement are available from the Company Secretary, The De La Rue Company plc, De La Rue House, 3-5 Burlington Gardens, London W1A 1UL. Telephone: 01-734 8020



De La Rue

Warford 18% ahead at £5m

Warford Investments, property investor, lifted pre-tax profits by 18 per cent to £5.08m in the year to December 25 1987. Turnover improved from £6.58m to £8.15m. A final dividend of 12p makes 20p (18p). Earnings improved to 34p (28.38p).

NOTICE TO BONDHOLDERS CITY OF COPENHAGEN 0/4% 1979/1981 Bonds 28,000,000 European Units of Account

To the Holders of A. F. I. Atlantic Financial International N.V. Secured Adjustable Rate Notes due 1994

CITIBANK, N.A. IS PLEASED TO ANNOUNCE ITS APPOINTMENT AS DEPOSITORY BANK BY WILLIAMS HOLDINGS PLC FOR THEIR SPONSORED AMERICAN DEPOSITORY RECEIPTS (ADRs)

FII-Fyffes backs bid for Irish Distillers

By Clive Harris

THE £120m (£107m) hostile offer for Irish Distillers, the sole maker of Irish whiskeys, underlines the fierce battle for brands being waged by the major international drinks companies...

THE TAKEOVER bid launched on Monday for Irish Distillers, the sole maker of Irish whiskeys, underlines the fierce battle for brands being waged by the major international drinks companies...



portfolio of brands between them and replace a monopoly with two competitors. Yet the bid has a strong logic. Irish whiskey, with brand names such as Bushmills and Jameson, is still relatively undeveloped as an international drink...

Mr Tony O'Brien, a member of the board of GC & C Brands, the company set up to launch the bid, believes that Irish Distillers has too many brands for one company to market successfully.

Irish Distillers has felt vulnerable since last December when FII Fyffes, the Dublin-based fruit and vegetable merchant built up a 20 per cent stake, which it has now pledged to the GC & C bid.

INTERNATIONALLY-TRADED WHISKY 1986 (millions of 9-litre case equivalents). Table with columns: Volume, Exports, % exports. Includes rows for Scotch, Japanese, Canadian, Bourbon/Tennessee, American, Other, Irish, and TOTAL.

Source: Impact Data Bank/Jamaica Capital/SWFI

have room for new niche, premium price products. But the bid has a long way to run. Analysts are generally agreed that the offer is pitched too low to succeed.

to be seen whether the Irish Government, which under its takeover regulations has to receive an official submission from a would-be buyer, will refer the bid to its Fair Trade Commission.

Laing pays CS\$180m for Canadian acquisitions

Laing Properties is extending its Canadian interests with the acquisition of four shopping centres for a total of CS\$180m (£77m). This will take group assets to some £500m.

The properties consist of 1.4m square feet of retail space and an office building of 70,000 square feet. Before financing costs, the initial yield is likely to be between 7 and 8 per cent.

Trusts back Rowntree

Joseph Rowntree Memorial Trust, one of the two charitable trusts set up by the philanthropist founder of the York-based chocolate confectionery company, is backing the Rowntree board in its determination to stay independent.

nies Jacobs Suchard and Nestle - pitched at 890p and 950p a share respectively - do not reflect the long-term value of the Rowntree business and its "exceptional advantages to a successful bidder".

Suter sells two units

Suter, an industrial holding company, has sold two of its smaller businesses, RA (air conditioning) Co. and Waterwise Services, in separate transactions.

Suter's other disposal, a 51 per cent stake in Waterwise Services which it acquired as part of the purchase of Mitchell Cotts in July last year, was to members of the management for a nominal consideration plus part repayment of an inter-company loan.

Dryvale has 74% Glover

Dryvale, the recently formed management buy-out vehicle which is holding for resale price since growth of 48.4% in 1987, has received acceptances in respect of 10.9m ordinary shares (74.0% per cent) and 57.8m preference shares (77.8 per cent). The loan note alternative

closed on Friday, but the cash offers for both the ordinary and preference shares remain open. "Sevens" American... nearly 10 per cent of the ordinary shares and 12.6 per cent of the preference - has expressed its dissatisfaction over the terms, as have some private shareholders.

Coloroll acceptances slip

Coloroll, home furnishings concern, still controls nearly 46 per cent of John Crowther after acceptances for 0.86 per cent of Crowther's shares were withdrawn.

date of its bid on Friday. It has extended its offer until Friday. Thomas Robinson, engineering group, which is challenging Coloroll with a £226m cash-and-share offer, said that it anticipated further withdrawals by Crowther shareholders over the next few days.

Coloroll, which owns 14.9 per cent of Crowther's equity, received acceptances for almost 31 per cent by the third closing

Mr John Ashcroft, Coloroll's chairman and chief executive, appeared before the Takeover Panel yesterday evening. He discussed the Panel's investigation into the £2m compensation package offered by Coloroll to three Crowther directors if its bid for the textile group succeeded.

DIVIDENDS ANNOUNCED

Table with columns: Current payment, Date of payment, Current dividend, Total for year, Total last year. Lists companies like Charles Church, De La Rue, S&P Retail, etc.

Dividends shown pence per share net except where otherwise stated. *Excludes after allowance for special dividend. †On capital increased by rights and/or acquisition issues. \$USM stock. ‡Unquoted stock. #Third market.

BOARD MEETINGS

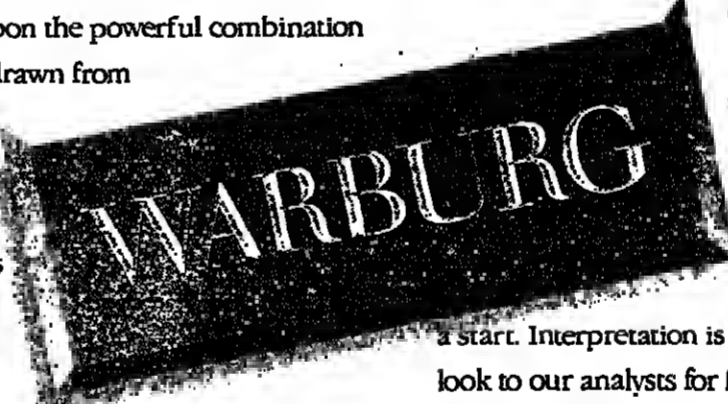
Table listing board meetings for various companies with columns for company name and date.

MONTHLY AVERAGES OF STOCK INDICES

Table showing monthly averages for various stock indices from May to February, including Financial Times, Government Securities, FT-SE 100, etc.

Anyone can jump to a conclusion We look before we leap

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UK COMPANY NEWS

Maggie Urry reports on Colefax and Fowler's plans for after its listing

Decorator with designs on £5m

FEW COMPANIES coming to the stock market can boast the intangible asset of a ghost in their Mayfair head office-cum shop. Yet for Colefax and Fowler, the interior design group, the presence of a ghost - female and apparently friendly - is somehow fitting.

The company is famous for its traditional-style chintzes, which adorn many a country house, and which no doubt make an eighteenth-century lady feel at home. Yet Colefax and Fowler, founded in the early 1930s by Lady Colefax, is not looking backwards in going for a placing on the main market. The proceeds of the issue, due at the end of this month, will be about £5m, of which about £3m will be new money.

Mr Tom Parr, chairman and a partner in the business since 1960, wants the money for two reasons. First, to expand the collections of fabrics and wallpapers, which the company designs and has made up by outside suppliers, to widen their appeal. That will mean more money for designing and testing new patterns and will require the group to keep even higher stocks to ensure that customers can be supplied rapidly.

Secondly, Mr Parr and Mr David Green, the chief executive, believe that there is scope to market the name more extensively world-wide, without diluting its exclusive image.



David Green (left) and Tom Parr in the Brook Street showroom

Also Colefax and Fowler has bought the rights to sell the fabrics of Cowtan and Tout, a US designer, outside the US. Other such deals may follow and a third, distribution, division is being set up. Mr Parr also wants to extend share ownership to more staff. At present only the top decorators are shareholders. He says, though, that recruitment is not a problem, since Colefax and Fowler has such a good reputation. The business divides into two activities. As interior designers, or decorators as Colefax and Fowler prefers to say, the company has been responsible for the decor of many a country house

and Mayfair flat. The designers will take charge of everything - from selecting the paint for the walls to choosing the most tasteful antique furniture - for the right price. The decorating side has a split-off effect on the other main business - supplying the company's fabrics and wallpapers to decorators and specialist shops. Often a newly renovated house will be featured in coffee-table magazines - like the World of Interiors - generating extra publicity for Colefax and Fowler products. In addition there are three showpiece shops, all in London, and plans to open soon a showroom for trade customers. At present the business split is about 85 per cent decorating and 65 per cent sales and marketing. The growth will largely come from the latter and the new distribution ventures. Colefax and Fowler has 1,500 established outlets in the UK, while overseas, an agent is appointed in each market with exclusive rights to the merchandise. About a quarter of sales are made abroad.

The group has achieved strong profits growth over the last five years. Profits for the year to April are expected to turn out at £1.4m on sales of £11m. That compares with profits in the previous year of £1.05m, rising from £340,000 in 1983-84.

Mr Parr does not think, though, that Colefax and Fowler has succeeded on a tide of fashion for the English look. Fashion, he says, should not come into decorating since people have to live with their schemes for years. Competition for business is more a question of appealing to people's taste, he says. Prices start at £22 a metre and wallpaper at £15 a roll. Even a newer range, called the Brook Collection, has prices starting at £15 and £12 respectively. The company, Mr Parr says, "has an infinitesimal share of the UK market."

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MINDS OVER MONEY

Ramco Oil Services losses substantially cut to £0.9m

SUBSTANTIALLY reduced pre-tax losses of £88,000 compared with a previous £1.64m were reported by Ramco Oil Services for 1987.

The sale of this USM-quoted company's project services activities in December reduced borrowings from a peak of £2.6m to £1.7m in April 1988. Ramco was looking for opportunities to acquire related businesses and one negotiation was well advanced.

Turnover for the year fell to £7.56m (£9.07m) but there was an

exceptional debit last time of £833,000. Tax took £36,000 (£393,000 credit) after which losses per 10p share dropped to 0.74p (7.42p). There was an extraordinary £131,000 debit.

Hanson sale

Kidde, US conglomerate acquired in December 1987 by Hanson, has sold its 83 per cent holding in Fenwal Controls of Japan for \$26.7m cash (£15.5m). The buyer is SSP Engineering.

Portals in engineering buy

Portals Holdings, best known as a manufacturer of bank notes paper, is expanding its engineering interests with the £13.5m acquisition of Paragon Group, which specialises in access control, emergency lighting and spe-

cialist engineering. Paragon, which made pre-tax profits of £1.7m last year on turnover of £17.8m, was formed in 1984 to buy part of the industrial holdings of Charterhouse J Rothschild.

J Michael takeover plan

John Michael Design, USM-quoted design consultancy, said yesterday it was discussing a possible reverse takeover by a public unquoted company with substantial assets.

At yesterday's suspension price of 30p, the financially troubled group has a market value of £2.8m.

This is the second set of discussions announced by the company since Hillsdown investment Trust called off an agreed finan-

cial reconstruction of JMD last December. Similar talks with an unquoted company were terminated in March.

In December, JMD reported a £216,000 loss for the six months to September 30 and omitted its interim dividend. In March, JMD said it expected losses to continue in the second half due to difficult trading conditions.

For the year to March 1987, its pre-tax profit fell to £321,000 from the previous £502,000.

SHARE STAKES

The following changes to share stakes have been announced in the past week:

Spring Ram Corporation: Mr J.D. Smith, non-executive director, has sold on behalf of himself and his children's trusts 2.26m shares at 183p. Five directors of subsidiaries have sold a further 1.19m at the same price. All the shares were placed with institutional clients of Panmure Gordon.

CCA Galleries: Mr Paul Dupee, director, bought 25,000 shares on May 12 and 25,000 on May 18 at 97p. A further 175,000 at 94p on May 20 took his total holding to 1.49m shares (15.13 per cent).

Fowler Corporation: Mr Robin Fowler, director, has bought 970,500 ordinary shares and holds 6.03m (10.5 per cent). Bardsey: Mr R.F. Adair has become interested in 215,000 ordinary shares, taking his interest to 1.62m shares or 7.1 per cent.



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CH Industrials reveals 6.3% stake in Ricardo

BY CLAY HARRIS

CH Industrials, building chemicals and specialist engineering group, has built up a 6.3 per cent stake in Ricardo Consulting Engineers, Sussex-based designer and developer of engines and transmissions.

Ricardo was told yesterday of the latest purchases, which were made last week. Ricardo shares closed 7p higher at 125p, giving the company a market value of £18.1m.

CH's Aston Martin Tickford subsidiary is a leading independent designer and short-run producer of motor vehicles, although its activities do not extend to engines. Tickford and Ricardo sometimes co-operate on projects.

"We have bought the shares with the present intention of it being a recovery situation and therefore a good investment," Mr

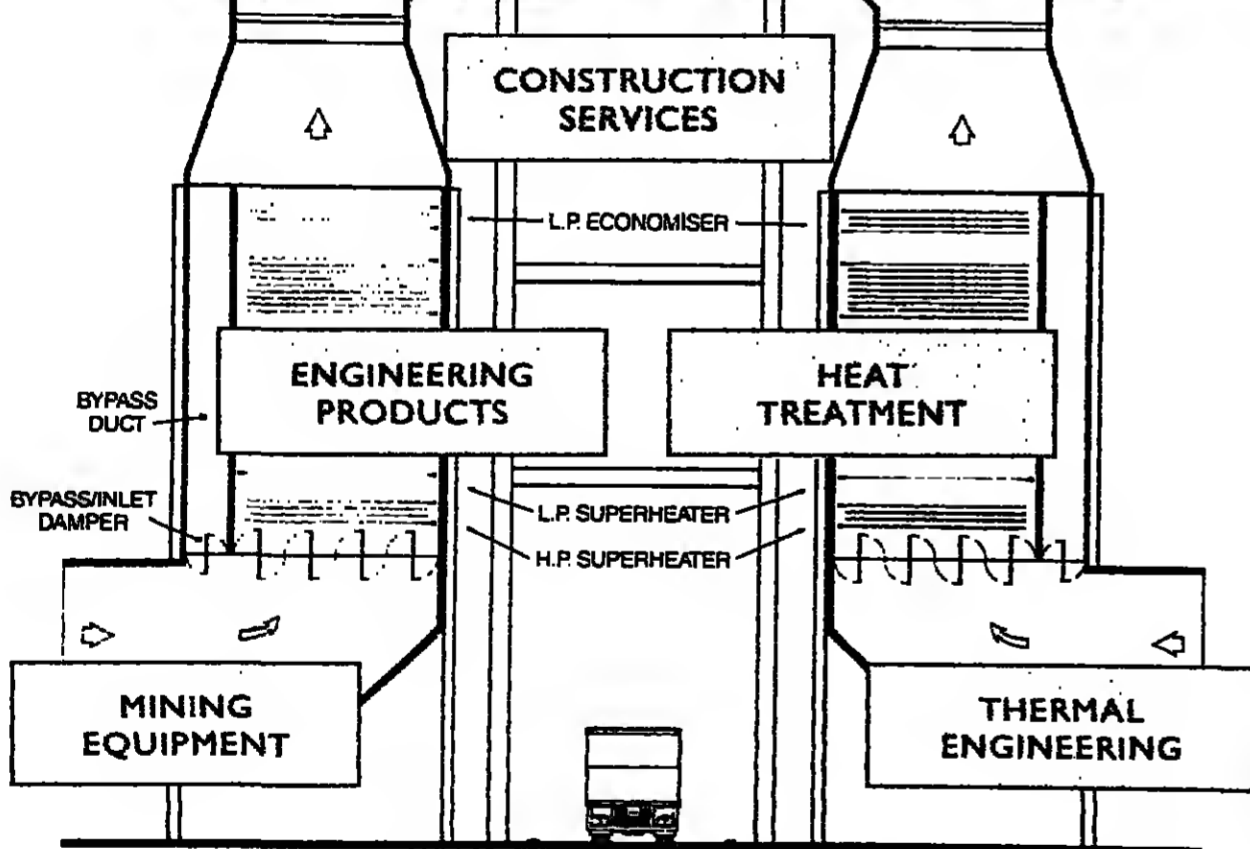
Tim Hearley, CH chairman, said yesterday. "I'll be looking at their next set of figures with interest."

In the six months to December 31, Ricardo made £262,000 pre-tax, against £227,000 in the same half of 1986. The results were not comparable because of the disposal of G Cussons, a subsidiary making scientific and engine testing equipment.

It is the second exercise in stake-building announced by CHI recently. Last month, it bought 9.9 per cent of Manganese Bronze Holdings, taxicab and metal products manufacturer, to take its total holding to 20.37 per cent.

Mr Godfrey Harter, Ricardo finance director, said that on disclosing the latest stake, CHI had noted its practice of holding investments in a number of companies.

THE SENIOR PLAN OF OPERATIONS.



Restructuring the Company has resulted in streamlined operations.

At the AGM held yesterday the Chairman, Professor Roland Smith, made the following observations about the Company's first four months' trading:

- Thermal Engineering has won significant economiser orders in the US, through South Western Engineering.
- Orders worth £7 million have recently been won by Hargreaves and Moducel.
- Moducel, Durham Tube and Foster Wheeler Power Products have been acquired. This continues the established policy of bolting-on important businesses to already established Business Areas.



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Table listing serial numbers for bond redemption, organized in columns and rows.

The Redemption Price of 100% of the principal amount of the Bonds to be redeemed will be paid on or after the Redemption Date upon presentation and surrender of the Bonds, together with all coupons maturing after 1st July, 1988, at the office of the Fiscal Agent or any of the Paying Agents listed therein. The Issuer will redeem all of the then outstanding Bonds, at 101% of their principal amount on 1st July, 1988. Accrued interest due 1st July, 1988 will be paid in the normal manner against presentation of Coupon No. 10 on or after 1st July, 1988, when interest on the Bonds will cease to accrue.

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Handwritten signature in Arabic script.

Vertical text on the right edge of the page, including 'Reform' and 'Warrant to... insulation'.

TECHNOLOGY

Reforming along the thin red line

Nick Garnett examines the strategy of loss-making automated guided vehicle suppliers

"YOU CAN get your fingers really burnt if you do not know what you are doing and how to do it," says Jorma Paasio, a systems and sales manager for BT, the Swedish materials handling group. He is talking about the supply of automated guided vehicle (AGV) systems, and he might add that being on top of the job does not always protect you from the same fate.

In the late 1970s when they first made an impact in factories and warehouses, AGVs were heralded as a tool of the future, a piece of equipment that would drive the boring old forklift truck onto the scrap heap.

Ten years on, almost every manufacturer of AGVs is losing money in making and supplying these computer-controlled and normally wire-guided vehicles. Even the biggest and most efficient producers are struggling.

As in so many areas of advanced production automation, manufacturing the hardware is relatively straightforward but designing and installing systems is labour intensive, time consuming and expensive.

Cost pressures have caused a rash of takeovers during the past three years. Some suppliers, tired of making losses have deserted business. Others have become much bigger through acquisition, hoping to make profits by scaling up production.

One major trend in this has been the absorption of AGV makers by more general materials

handling companies. These companies see AGV technology as the key to the supply of overall handling systems.

Jungheinrich, the West German specialist lift truck producer which has supplied around 1,200 AGVs, says small almost off-the-shelf systems involving only a few vehicles on a small circuit with fairly simple routines are cost effective for both suppliers and customers. So too are very big systems involving from 50 up to 200 or more AGVs, most commonly found in car plants. The problem lies with systems in between.

Middle-sized systems do not give the suppliers the volume of hardware to recover costs but they require almost as much effort, time and money on computer software and installation as the mega projects.

Development costs and time are always a problem, particularly with something really tricky.

Caterpillar, the world's largest construction machinery company has spent four years or so developing, in partnership with GEC of the UK, wire-less guidance systems for AGVs. GEC said a few weeks ago that the system had yet to find its first customer though there were a number of systems on trial and it was hopeful of orders.

Another problem has been fluctuations in demand. Total requirements for AGVs did not take off in the 1980s the way

some companies expected. But just as large a headache is the way demand switches gear.

This is largely due to the dominant influence of the motor industry. If General Motors (GM) or Volkswagen place a very large order it can distort the market. Though demand for AGVs has been rising overall in the US since the late 1970s, there was a peak in 1984-85 when GM ordered some very large systems.

Anticipating GM is a tough job for suppliers. Some years ago the Detroit motor giant was talking about installing up to 10,000 AGVs. Now such grand hopes have been scaled down. A plan to manufacture its own AGVs in co-operation with Fanuc of Japan was abandoned a few years ago.

The company, which has 32 assembly plants in the US alone, together with 14 main distribution and warehouse facilities, says its AGV ordering will be lower than it has been for the time being.

This is partly because it wants to digest the cost effects of its existing installations, not all of which have been a roaring success.

"Our ordering will not nearly be at the pace of the past. We may have gone a little faster than we should have," says GM, which manufactured and assembled about 6.7m cars last year. "We have been through a major plant refurbishment programme and the ordering of new AGVs may be mainly linked now to the

introduction of new models."

Despite the difficulties, however, new AGV suppliers are emerging every year. Currently there are at least 15 mainstream manufacturers and perhaps another 30 or 40 others in the sector.

"Some of these newcomers will have a rude awakening," says Ian Noble, projects manager in the UK for Jungheinrich. "Established suppliers have learnt where the pitfalls are."

Statistics on the AGV market are sketchy and contentious. Supply information from the major manufacturers and figures from Dataquest, the California-based research organisation, suggest an installed base in Europe of about 10,000 vehicles, while North America has an installed AGV population of about 3,000. There are no reliable figures for Japan, but Daifuku, a leading Japanese AGV maker is thought to have made about 2,000 vehicles so far, mostly for sale in its domestic market.

Restructuring has tended to concentrate AGV making in three countries - West Germany, Sweden and the US. There are some important domestic producers in Japan but these are rarely active in export markets.

In Sweden, BT took a 50 per cent share of Taurus Carriage in 1988 and gained full control the following year. In the same year it acquired a majority share of Movit, a Swedish maker of driverless hovercrafts that can carry

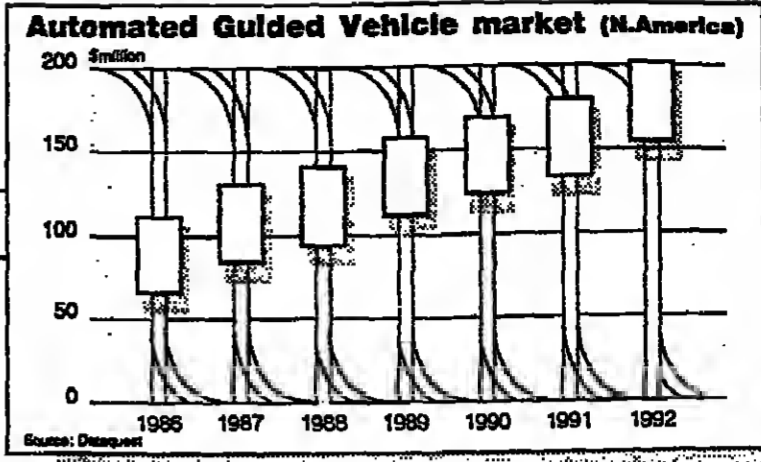
loads of up to 80 tonnes.

This year BT underlined its growing strength in AGVs by buying ACS (Auto Carrier Systems) from Volvo. The deal included the purchase of a Detroit manufacturing and systems plant serving the US car industry.

These changes have probably made BT the biggest European supplier. Karl Eric Andersson, former managing director and now advisor at BT Industries says the company (including ACS) had delivered 4,700 AGVs up to the end of last year. It made a thousand vehicles last year with total sales of SKr 400m (£36m).

In West Germany, Linde, one of the world's largest lift truck makers, last year acquired a minority stake in Wagner, a leading West German AGV supplier, and will have full control of the company during 1989. In addition, in 1986, Justus Dornier bought the Digtron AGV and materials handling company from its Swiss parent, Schindler. At the time of the purchase the loss-making Digtron was probably the largest AGV supplier in Europe. It probably still has the continent's largest installed vehicle base.

There have been other ownership shifts in Europe, particularly among smaller suppliers. CFC in France, which has supplied systems to Ford, recently bought the RTS (Robots Transport Saxby) division of Jeumont-Schneider, creating a new com-



pany called CRT (Compagnie des Robots de Transport). FATA in Italy was bought by Babcock of the UK but this year has subsequently been sold off to its managers. Thyssen in Germany has acquired majority shares of two small German AGV makers, Tele-Lift and Translift.

North America has a clutch of suppliers, including Jervis Webb, Acco Material, Interlake and Eaton-Kenway as well as Litton Industries and Raymond, the specialist lift truck maker. The industry has not been the subject of the same rationalisation as in Europe but the pressures in the market have been just as obvious.

One supplier, Portec is now in difficulties though it is completing existing contracts. Last year, Hyster, the biggest US lift truck maker closed its relatively new AGV systems factory in Ireland, signalling that it was getting out of AGVs, at least temporarily.

The Hyster decision highlighted one of the main problems for suppliers and customers. Making lumps of hardware is one thing but knitting together a system in which scores of AGVs pick up and unload materials at many locations to a flexible-computer controlled pattern takes money and manpower to get right. "You cannot sell it out of a catalogue," says Noble of Jungheinrich.

Most of the big companies in the AGV market, however, feel that the long-term benefits outweigh the disadvantages. Andersson at BT says that the Swedish company aims to be the leading materials handling group in Europe, and AGVs are important to that strategy.

The company makes a loss overall on its AGV projects, Andersson says. But having AGV capability allows it to win orders for general material handling systems which it would not otherwise do. "Overall we make a profit on materials handling and we hope that by coming up to a large scale with AGVs and spreading costs we can do that for AGVs systems on their own too."

Hermann Schreiber, marketing manager for Linde says that Wagner which has supplied about 2,000 AGVs is part of a similar strategy. Linde is on the look out for acquisitions or joint ventures that would allow it to offer complementary equipment in materials handling packages.

The concept of having broad capability partly explains why the UK arm of the US Dexdon group is now supplying AGVs, most noticeably in an armaments warehouse in England.

Noble at Jungheinrich sums it up. "Systems business is looked upon as the seed corn for the future. We have to invest in it because that will be the growth area."

UK warms to cheaper home insulation

BY PAUL ABRAHAM

THE PRICE of home insulation looks set to drop in the UK, after the introduction of a new manufacturing process for high performance extruded polystyrene foam.

The move is not before time, given that until recently the UK had the lowest average home temperatures in northern Europe.

The UK licence for the product, called Polyfoam in the US, has been purchased by the Lin Pac Corp, based in Yorkshire. The foam will be sold in the UK under the name of Polyfoam Plus.

UC Industries, the New Jersey-based owner of the patent, refuses to give exact figures for the cost of licencing and equipment but suggests overall investment could be around \$10m.

Lin Pac claims that the manufacturing process of Polyfoam Plus gives it a number of important advantages compared with traditional expanded foam in the UK.

Polyfoam is manufactured in a computer-controlled, reduced pressure atmosphere which provides the ability to control the cell structure of the foam. The near-vacuum permits the foam to expand more easily and leaves it with a lower density than standard moulded expandable polystyrene which is produced in normal atmosphere.

Lin Pac says these low densities can be achieved while retaining important performance properties - in particular the ability to insulate. The patent holder, UC Industries, says that traditional foam loses about 20 per cent of its thermal resistance value when manufactured at similar densities.

The advantage of low density Polyfoam is that it can be produced more cheaply than earlier extruded foam, which performed better than expanded foam, but

tended to cost more. The Polyfoam process uses 30 per cent less material than the standard extruded process - a saving which, the company argues, can be passed on to the customer.

UC Industries admits that low density reduces the compressive strength of the foam, but says that traditional rigid foam tends to be over-specified and does not need to be load-bearing.

The US company also says that the closed cell-structure produced by the near-vacuum process gives Polyfoam the advantage of water-resistance. This is in contrast with ordinary expanded foam, which takes in water, tends to dry slowly, and can easily be damaged by freezing.

UC's product has already done well in continental Europe. Rockwool Scoprim, a part of the Rockwool group in Skovde, Sweden, has had a licencing arrangement since 1984 for Scandinavia. It claims to have captured about 35 per cent of the rigid polystyrene market with the material.

A licence to manufacture and distribute on the continent was purchased in 1985 by the German company, BASF. The plant in its Ludwigshafen factory is running at full capacity - around 70,000 cubic metres per annum - and the company says it is planning to invest in further machinery in the near future.

Lin Pac says Polyfoam will help it capture a substantial part of the UK insulation market, which is currently worth £500m a year and is expected to grow. The extruded polystyrene market is estimated this year at 325,000 cubic metres - worth £23m.

Moreover, the Association for the Conservation of Energy in the UK expects the market to grow still further after new building regulations are introduced next year to bring Britain in line with France and Germany.



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It could be the start of a truly great performance.

To ICL: I'd like to hear more about the Orchestrated Office. Please send me a brochure.

Name _____ Address _____

Position _____

Company _____ Postcode _____

Business Tel. No. _____

WORTH WATCHING

Edited by Geoffrey Charlish

Swedes roll towards a higher profile

GROKO MASKIN, of Sweden, has developed a machine which rolls thin metal sheet into profile shapes from 10mm to 140mm high.

The machine can be changed from one profile to another as fast as in a simple form, from an I shape to a box shape by two men in a maximum of three hours.

It can deal with steel sheet 1mm thick and aluminium material 1.5mm thick, in widths up to 1.5 metres.

The Groko equipment is only 20 metres long (many machines measure 45 metres), and it is capable of operating at production speeds of up to 85 metres per minute.

The sheet metal moves into the machine directly from the roll. It is cut to a programmed length and manufactured into the profiled shapes as required.

Control is by an electronic programmer into which the number of items and their length are entered by an operator.

formed its telecoms, data communications and semiconductor businesses into a new unit, Rockwell Communications Systems.

The objective is to create a new force in the information and communications industry.

The unit will focus on networking, network user applications and data communications within customers' premises.

Electronic block on mileage cheats

SECOND HAND car buyers will be able to stop wondering whether the milemeter has been wound back" if a new semiconductor chip from Siemens, the major West German electronics company, comes into general use.

Although car engine speed meters (tachometers) have been electronic for some time, electronic speedometers/odometers have been more difficult to produce at the right price since they must store mileage for many years without error or change.

Siemens has a chip that will accumulate data equivalent to 250,000 miles. Applicable to any car, it can be adjusted to take account of such characteristics as wheel and tyre size and differential gear ratios.

Rockwell unites its information forces

ROCKWELL International, the US aerospace, electronics and automotive company, has

CONTACT: Groko Maskin, Sweden, 00 0000; Rockwell International, US, (214) 988 0000; Siemens, UK office 0300 762121.



CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

US dollar in demand

THE DOLLAR touched its best level since October last year... The pound's exchange rate index finished at 79.5, down from 80.0 at the start and 78.3 on Friday.

FINANCIAL FUTURES

Short sterling at day's low

THREE-MONTH sterling deposit futures closed at the day's low of 92.03 for June delivery... The UK trade position may be even worse than it looks, according to traders.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Bid, Ask, Vol, Last, and various market data for European options.

£ IN NEW YORK

Table showing exchange rates for £ in New York, including columns for Date, Bid, Ask, and Premium.

STERLING INDEX

Table showing the Sterling Index with columns for Date, Bid, Ask, and Premium.

POUND SPOT - FORWARD AGAINST THE POUND

Table showing Pound Spot and Forward rates against the Pound, including columns for Date, Bid, Ask, and Premium.

BASE LENDING RATES

Table showing Base Lending Rates for various banks and currencies, including columns for Bank Name, Rate, and Currency.

CURRENCY RATES

Table showing various Currency Rates, including columns for Currency, Bid, Ask, and Premium.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table showing Dollar Spot and Forward rates against the Dollar, including columns for Date, Bid, Ask, and Premium.

EURO CURRENCY INTEREST RATES

Table showing Euro Currency Interest Rates, including columns for Term, Rate, and Currency.

CURRENCY MOVEMENTS

Table showing Currency Movements, including columns for Currency, Bid, Ask, and Premium.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates, including columns for Currency, Bid, Ask, and Premium.

CURRENCY FUTURES

Table showing Currency Futures, including columns for Contract, Bid, Ask, and Premium.

REASONS WHY

Advertisement for M.C. Bracknberry & Co. featuring the text 'REASONS WHY' and 'INVESTOR'S GUIDE TO FUTURES AND OPTIONS'.

MONEY MARKETS

A firmer tone

THERE WAS a slightly firmer tone to interest rates on the London money market yesterday... The Bank of England appeared to provide help to the money market on a larger scale than suggested by the underlying shortage.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates, including columns for Term, Rate, and Currency.

NEW YORK

Table showing New York market data, including columns for Term, Rate, and Currency.

LONDON MONEY RATES

Table showing London Money Rates, including columns for Term, Rate, and Currency.

Company Notices

MAFINA B.V.

Advertisement for MAFINA B.V. regarding the redemption of 4 1/2% 1973/1988 of U.S. Dollars 75,000,000.

OTHER CURRENCIES

Table showing Other Currencies, including columns for Currency, Bid, Ask, and Premium.

EURO CURRENCY INTEREST RATES

Table showing Euro Currency Interest Rates, including columns for Term, Rate, and Currency.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates, including columns for Currency, Bid, Ask, and Premium.

FREE INVESTOR'S GUIDE TO FUTURES AND OPTIONS

Advertisement for Kleinwort Benson, featuring the text 'FREE INVESTOR'S GUIDE TO FUTURES AND OPTIONS'.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abnott Management Ltd, and others, including their names, addresses, and contact information.

Table listing unit trusts under the heading 'Equity & Law Unit Trust Managers', including names like Equity & Law Unit Trust Managers Ltd and their details.

Table listing unit trusts under the heading 'Fixed Income Unit Trust Managers', including names like Fixed Income Unit Trust Managers Ltd and their details.

Table listing unit trusts under the heading 'Money Market Unit Trust Managers', including names like Money Market Unit Trust Managers Ltd and their details.

Table listing unit trusts under the heading 'Specialist Unit Trust Managers', including names like Specialist Unit Trust Managers Ltd and their details.

FT CROSSWORD No.6.644 SET BY HIGHLANDER. Includes a crossword puzzle grid and a list of clues for both across and down directions.

Table listing unit trusts under the heading 'Global Asset Management', including names like Global Asset Management Ltd and their details.

Table listing unit trusts under the heading 'Legal & General Unit Trust Managers Ltd', including names like Legal & General Unit Trust Managers Ltd and their details.

Table listing unit trusts under the heading 'Merrill Lynch Unit Trust Managers Ltd', including names like Merrill Lynch Unit Trust Managers Ltd and their details.

Table listing unit trusts under the heading 'National Provident Unit Trust Managers Ltd', including names like National Provident Unit Trust Managers Ltd and their details.

Handwritten signature or note at the bottom center of the page.

FT UNIT TRUST INFORMATION SERVICE

Wardley Unit Trust Managers Ltd
List of unit trusts including:
- Wardley Unit Trust Managers Ltd
- Wardley Unit Trust Managers Ltd
- Wardley Unit Trust Managers Ltd

Ally Life Assurance Co Ltd - Contd
List of unit trusts including:
- Ally Life Assurance Co Ltd
- Ally Life Assurance Co Ltd
- Ally Life Assurance Co Ltd

City of Edinburgh Life Assurance
List of unit trusts including:
- City of Edinburgh Life Assurance
- City of Edinburgh Life Assurance
- City of Edinburgh Life Assurance

Devochire Life
List of unit trusts including:
- Devochire Life
- Devochire Life
- Devochire Life

Gratham Unit Assurance Ltd
List of unit trusts including:
- Gratham Unit Assurance Ltd
- Gratham Unit Assurance Ltd
- Gratham Unit Assurance Ltd

Imperial Trident Life Ltd - Contd
List of unit trusts including:
- Imperial Trident Life Ltd
- Imperial Trident Life Ltd
- Imperial Trident Life Ltd

M & G Life and M & G Pensions - Contd
List of unit trusts including:
- M & G Life and M & G Pensions
- M & G Life and M & G Pensions
- M & G Life and M & G Pensions

NM Schroder Life Assurance Ltd
List of unit trusts including:
- NM Schroder Life Assurance Ltd
- NM Schroder Life Assurance Ltd
- NM Schroder Life Assurance Ltd

OTHER UK UNIT TRUSTS
List of other UK unit trusts including:
- Other UK Unit Trusts
- Other UK Unit Trusts
- Other UK Unit Trusts

Ally Life Assurance Co UK
List of unit trusts including:
- Ally Life Assurance Co UK
- Ally Life Assurance Co UK
- Ally Life Assurance Co UK

Critical Medical Investments Group
List of unit trusts including:
- Critical Medical Investments Group
- Critical Medical Investments Group
- Critical Medical Investments Group

Equity & Law
List of unit trusts including:
- Equity & Law
- Equity & Law
- Equity & Law

Guardian Royal Exchange
List of unit trusts including:
- Guardian Royal Exchange
- Guardian Royal Exchange
- Guardian Royal Exchange

The LAS Group
List of unit trusts including:
- The LAS Group
- The LAS Group
- The LAS Group

Managers Life Assurance Co (UK)
List of unit trusts including:
- Managers Life Assurance Co (UK)
- Managers Life Assurance Co (UK)
- Managers Life Assurance Co (UK)

National Mutual Life
List of unit trusts including:
- National Mutual Life
- National Mutual Life
- National Mutual Life

INSURANCES
List of insurance companies including:
- AA Friendly Society
- AA Friendly Society
- AA Friendly Society

British National Financial Services
List of insurance companies including:
- British National Financial Services
- British National Financial Services
- British National Financial Services

Commercial Unit Trusts
List of unit trusts including:
- Commercial Unit Trusts
- Commercial Unit Trusts
- Commercial Unit Trusts

Family Assurance Society
List of unit trusts including:
- Family Assurance Society
- Family Assurance Society
- Family Assurance Society

Headsman Administration Ltd
List of unit trusts including:
- Headsman Administration Ltd
- Headsman Administration Ltd
- Headsman Administration Ltd

Legal & General Unit Assurance Ltd
List of unit trusts including:
- Legal & General Unit Assurance Ltd
- Legal & General Unit Assurance Ltd
- Legal & General Unit Assurance Ltd

Legal & General Unit Pensions Ltd
List of unit trusts including:
- Legal & General Unit Pensions Ltd
- Legal & General Unit Pensions Ltd
- Legal & General Unit Pensions Ltd

Liberty Life Assurance Co Ltd
List of unit trusts including:
- Liberty Life Assurance Co Ltd
- Liberty Life Assurance Co Ltd
- Liberty Life Assurance Co Ltd

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts and their performance metrics.

Table of London Share Service, including British Funds, Foreign Bonds & Rails, and American stocks.

OTHERS: Includes small text at the bottom of the page, possibly related to the 'هكذا صنعنا الزميل' header.

LONDON SHARE SERVICE

AMERICANS—Contd

Table listing American companies such as Sun Oil, Amstar, and others with their share prices and market data.

BANKS, HP & LEASING

Table listing financial institutions and leasing companies like Citicorp, Citicredit, and others.

BEERS, WINES & SPIRITS

Table listing beverage companies including Heineken, Carlsberg, and others.

BUILDING, TIMBER, ROADS

Table listing construction and infrastructure companies like Bovis Lend Lease and others.

BUILDING, TIMBER, ROADS Contd

Continuation of Building, Timber, Roads companies.

BEERS, WINES & SPIRITS Contd

Continuation of Beverage companies.

BANKS, HP & LEASING Contd

Continuation of Financial institutions.

BUILDING, TIMBER, ROADS Contd

Continuation of Construction companies.

DRAPERY AND STORES—Contd

Table listing retail and clothing companies like Debenhams and others.

DRAPERY AND STORES

Table listing retail and clothing companies.

DRAPERY AND STORES Contd

Continuation of Retail companies.

DRAPERY AND STORES Contd

Continuation of Retail companies.

ENGINEERING—Contd

Table listing engineering and technology companies like BAE Systems and others.

ENGINEERING

Table listing engineering and technology companies.

ENGINEERING Contd

Continuation of Engineering companies.

ENGINEERING Contd

Continuation of Engineering companies.

INDUSTRIALS (Misc.)—Contd

Table listing various industrial companies like British Petroleum and others.

INDUSTRIALS (Misc.)

Table listing various industrial companies.

INDUSTRIALS (Misc.) Contd

Continuation of Industrial companies.

INDUSTRIALS (Misc.) Contd

Continuation of Industrial companies.

INDUSTRIALS (Misc.)—Contd

Table listing various industrial companies.

INDUSTRIALS (Misc.)

Table listing various industrial companies.

INDUSTRIALS (Misc.) Contd

Continuation of Industrial companies.

INDUSTRIALS (Misc.) Contd

Continuation of Industrial companies.

Handwritten signature or note at the bottom of the page.

LONDON SHARE SERVICE

LEISURE - Contd

Table of stock prices for Leisure sector including companies like British Skyways, British Airways, and others.

PAPER, PRINTING, ADVERTISING - Contd

Table of stock prices for Paper, Printing, and Advertising sector including companies like News International and others.

TEXTILES - Contd

Table of stock prices for Textiles sector including companies like J. H. Rayner and others.

TRUSTS, FINANCE, LAND - Contd

Table of stock prices for Trusts, Finance, and Land sector including companies like British Land and others.

OIL AND GAS - Contd

Table of stock prices for Oil and Gas sector including companies like British Petroleum and others.

MINES - Contd

Table of stock prices for Mines sector including companies like Anglo American and others.

MOTORS, AIRCRAFT TRADES

Table of stock prices for Motors and Aircraft Trades sector including companies like British Aerospace and others.

PROPERTY

Table of stock prices for Property sector including companies like British Land and others.

TOBACCO

Table of stock prices for Tobacco sector including companies like J. H. Rayner and others.

TRUSTS, FINANCE, LAND

Table of stock prices for Trusts, Finance, and Land sector including companies like British Land and others.

OVERSEAS TRADERS

Table of stock prices for Overseas Traders sector including companies like British Overseas Airways and others.

PLANTATIONS

Table of stock prices for Plantations sector including companies like British Overseas Airways and others.

Commercial Vehicles

Table of stock prices for Commercial Vehicles sector including companies like British Leyland and others.

Investment Trusts

Table of stock prices for Investment Trusts sector including companies like British Land and others.

Finance, Land etc

Table of stock prices for Finance, Land etc sector including companies like British Land and others.

MINES

Table of stock prices for Mines sector including companies like Anglo American and others.

Central Rand

Table of stock prices for Central Rand sector including companies like Anglo American and others.

Eastern Rand

Table of stock prices for Eastern Rand sector including companies like Anglo American and others.

Garages and Distributors

Table of stock prices for Garages and Distributors sector including companies like British Leyland and others.

Shipping

Table of stock prices for Shipping sector including companies like British Overseas Airways and others.

SHOES AND LEATHER

Table of stock prices for Shoes and Leather sector including companies like British Overseas Airways and others.

OIL AND GAS

Table of stock prices for Oil and Gas sector including companies like British Petroleum and others.

Central African

Table of stock prices for Central African sector including companies like Anglo American and others.

Finance

Table of stock prices for Finance sector including companies like British Land and others.

PAPER, PRINTING, ADVERTISING

Table of stock prices for Paper, Printing, and Advertising sector including companies like News International and others.

SHIPPING

Table of stock prices for Shipping sector including companies like British Overseas Airways and others.

SHOES AND LEATHER

Table of stock prices for Shoes and Leather sector including companies like British Overseas Airways and others.

OIL AND GAS

Table of stock prices for Oil and Gas sector including companies like British Petroleum and others.

Central African

Table of stock prices for Central African sector including companies like Anglo American and others.

Finance

Table of stock prices for Finance sector including companies like British Land and others.

Regional & Irish Stocks: A selection of regional and Irish stocks, the latter being quoted in Irish currency.

Traditional Options: 3-month call rates for various sectors including Industrials, Property, and Oils.

Disclaimer: This service is available to every company client in the UK. Exchanges throughout the United Kingdom for a fee of £940 per annum for each company.

LONDON STOCK EXCHANGE

Slow trading leaves equity sectors little changed but IL Gilt-edged give ground

Account Dealing Dates table with columns for Dealings, Opions, Last Account, etc.

THE UK securities markets staged a slow return yesterday from the Spring weekend break. With even Cadbury Schweppes looking a little weary after last week's hectic activity...

short of a low coupon stock after July 1, when Transport 3 pc 78 '88 comes due for redemption. For technical reasons, another low coupon conventional Gilt issue is thought unlikely at present.

FINANCIAL TIMES STOCK INDICES table showing various indices like Government Sec, Fixed Interest, Ord Div Yield, etc. with columns for May 27, 28, 29, 30, 31, and Year Ago.

Wall Street boosted sentiment in the international stocks, but failed to stimulate much in the way of activity. Investors, partly reflecting the Australian Associated Press, dealt were noteworthy for a gain of 12 at 485p. Wellcome featured a rise of 14 at 536p.

Warford Investments rose 20 to 1040p following preliminary figures, while Property Partnerships, awaiting next week's annual results, put on 10 325p. Overseas traders continued their good run with Harrison & Crossfield putting on 12 to 638p and Incheape responding with a rise of 16 to 732p.

Turnover in Traded Options was slightly reduced, calls numbering 11,204 and puts of 9,944 gave an overall total of 21,148 contracts. Cadbury Schweppes accounted for 4,886 calls and 897 puts.

After a slightly confusing performance from Tokyo, London responded hesitantly. However, the dip in the pound, following hard on the heels of the CBI's reference to the damage to export growth of the recent strength of the UK currency, helped the equity leaders to steady at the close of a dull trading session.

Conventional Gilts had a very thin trading session, and were depressed at the close by the fall in sterling. However, losses were restricted to 1/4 or so. Freshbake, the Orpington-based frozen foods group, became the latest takeover victim in an animated food sector...

revised range. However, Shearson's technical analyst predicts that, on purely technical considerations, the shares could underperform the market by 25 per cent in the near term.

based Buckley's Brewery stealing the show, rising 20 to 175p, after 180p. Mr Peter Clowes, director, announced his resignation in order to concentrate on his interests in troubled textile company James Ferguson. His 40 per cent holding in Buckley's was put up for sale at 195p, but no offers were immediately forthcoming.

Among other food retailers FII - Fyffes leapt 10 to 121p, after 125p, following news that it has agreed to sell its 20 per cent share in Irish Distillers to the GC & C consortium bidding 315p a share for the Irish group.

Traditional Options First dealings June 01 Last dealings June 10 For Settlement Sept 13 For rate indications see end of London Share Section

As always, the pound's fall proved a double-edged sword for equities, with export prospects balanced by worries over the outlook for domestic interest rates. The possibility of a hike in US discount rate was joined by concern among some equity market analysts that a move by the pound much below \$1.84 might enable the authorities to raise UK interest rates.

County NatWest Woodmac is maintaining its positive medium term stance on the group, but expects currency factors to dampen sentiment. The share price closed 13 higher at 377p. Lloyds Bank easily outperformed the other clearers with turnover on the SEAG system recorded as 4.4m, although this figure included two deals of 500,000 punched in "in error".

the general upsurge in Republic of Ireland issues, Allied Irish Bank of Ireland shares were pushed up 7 to 202p. The insurance sector was driven lower by a combination of persistent profit-taking and lack of buying interest.

Commercial Union were supported by a single large buyer and hardened to 360p on turnover of 1.1m. Brokers generated substantial interest with Sedgwick weakened by a County NatWest Woodmac "sell" recommendation.

Irish Distillers jumped 63 to 296p after Monday's 517m bid. Marketmakers said there was good two-way trade in the shares in anticipation of a court-er-bid, although action by the Irish government should not be ruled out.

Barclays hardened 2 to 386p and Midland - a BZW favourite edged up 3 to 403p. The Irish banks were eager participants in the general upsurge in Republic of Ireland issues.

Food manufacturers included a notable weak spot in Acas & Hutchinson which slumped 35 to 425p, still depressed by the disappointing interim figures revealed last week.

Deslers reported a quiet day in the Traditional option market. Stocks favoured for the call included Thomas Whitson, Kenmare, Baval White, Tusk Resources, Singer and Friedlander, Blacks Leisure, Tyndall Holdings, Cadbury Schweppes, Britis Petroleum new, Thermal Scientific, ICI, Glaxo and Harris Queensway. A put was arranged in Benzol, while Blacks Leisure only 1.5m, while Associated was dealt in for the double.

FT - ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of Actuarial Indices showing various categories like EQUITY GROUPS & SUB-SECTIONS, FIXED INTEREST, and ALL-SHARE INDEX with columns for Index No, Day's Change, etc.

LONDON TRADED OPTIONS

Table of London Traded Options showing various options like Allied Lys, Brit. Airways, etc. with columns for Option, Calls, Puts, and various dates.

NEW HIGHS AND LOWS FOR 1988

Table of New Highs and Lows for 1988 listing various companies and their stock prices.

TRADING VOLUME IN MAJOR STOCKS

Table of Trading Volume in Major Stocks showing volume for various companies like ASDA Group, Allied-Lyons, etc.

RISES AND FALLS YESTERDAY

Table of Rises and Falls Yesterday showing price changes for various categories like British Shares, Corporate Bonds, etc.

FIXED INTEREST

Table of Fixed Interest rates for various terms like 1 Year, 2-5 Years, etc.

LONDON RECENT ISSUES

Table of London Recent Issues listing various companies and their issue details.

RIGHTS' OFFERS

Table of Rights' Offers listing various companies and their offer details.

First field: Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bankers House, Cannon Street, London EC4A 3DF, price 15p, plus 50p.

WORLD STOCK MARKETS

Table of World Stock Markets including Australia, France, Germany, Netherlands, Sweden, and Japan. Columns include stock names, prices, and changes.

CANADA

Table of Canadian Stock Markets including Toronto 3pm Prices May 31. Lists various Canadian stocks and their performance.

OVER-THE-COUNTER

Table of Over-the-Counter market data, including Nasdaq national market and 3pm Prices May 31. Lists various OTC stocks.

Table of Japanese Stock Markets including various Japanese companies and their stock prices.

INDICES

Table of various stock indices including New York Dow Jones, Standard and Poors, and other regional indices.

CRIF LONDON PRICE CHANGES YESTERDAY

Table showing price changes for various commodities and currencies in London.

TOKYO - Most Active Stocks

Table of most active stocks in Tokyo on Tuesday, 31 May 1988.

NEW YORK ACTIVE STOCKS

Table of active stocks in New York, including various company names and their prices.

Advertisement for Financial Times, featuring the headline 'Have your F.T. hand delivered...' and contact information for Athens and Frankfurt.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Table containing stock market data with columns for 12 Month High/Low, 52 Week High/Low, and various stock symbols and prices.



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Vertical advertisement on the right edge with text including 'han' and 'ISSUES FOR'.

Continued on Page 43

Financial Times Wednesday June 1 1988. NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for High, Low, and Change.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for High, Low, and Change.

OVER-THE-COUNTER

Table of Over-the-Counter market prices listing various stocks with columns for High, Low, and Change.

Advertisement for Financial Times featuring the headline 'Have your F.T. hand delivered in Germany' and details about subscriptions.

Advertisement for Financial Times featuring the headline 'Have your F.T. hand delivered...' and contact information for Athens.

Advertisement for Financial Times featuring the headline 'Have your F.T. hand delivered in Germany' and details about subscriptions.

